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COMMITTEE REPORT
SENATE

FURTHER: FINANCE

1/24/84

Date: Feb 7 1984

Mr. President:

The Committee on TRANSPORTATION has had SB 370

authorizing the acquisition of the Alaska Railroad; authorizing the governor to negotiate the transfer terms; efd.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Poppy Wilson

W. Sherman

J. ...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1984

The Honorable Jalmar Kerttula
President of the Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will authorize the state to acquire the Alaska Railroad. The bill is required so that the certification process mandated by the Alaska Railroad Transfer Act (ARTA; P.L. 97-468) can be effected. Once this certification process is completed, acquisition of the railroad can occur as soon as practicable.

The bill essentially says that the state agrees to meet the transfer conditions set out in the Transfer Act. A more detailed analysis of the bill follows:

Section 1 says that the state agrees to the transfer conditions set out in the Alaska Railroad Transfer Act. Specifically, these points of agreement are as follows:

- 1) The state agrees to acquire all the rail property of the railroad.
- 2) The state agrees to operate the railroad as a rail carrier in intrastate and interstate commerce.
- 3) The state agrees to assume all rights, liabilities, and obligations of the railroad that exist on the date of transfer.
- 4) The state agrees to protect the employment interests of the railroad employees as required by sec. 604(d)(3)(A)(i) -- (vii) and sec. 607 of ARTA.

- 5) The state agrees to protect the employment interests of the officers of the railroad as required by sec. 604(d)(3)(E) of ARTA.
- 6) The state agrees to allow the Secretary of Transportation access to employees and records of the Alaska Railroad.
- 7) The state agrees to compensate the United States at the appraisal value that was determined by the United States Railway Association.


Section 2 authorizes the governor to enter into the various transfer agreements that relate to the points listed above and that will be required in order to secure certification of compliance with the Transfer Act and thus to secure the transfer of the railroad.

Section 3 defines certain terms used in the bill.

Section 4 provides for an immediate effective date.

I urge your favorable action on this bill as soon as possible so that the transfer of the ownership of the Alaska Railroad to the state can become a reality.

Sincerely,


Bill Sheffield
Governor

SENATE LETTER OF INTENT

CSSB 370(Trsp) am

It is the intent of the Legislature that the Department of Transportation and Public Facilities shall hold a public hearing in each of the communities affected along the proposed right-of-way corridor established under 16 U.S.C. 410hh (4)(b)-(e) known as the Western (Kobuk River) unit of the Gates of the Arctic National Park, before proceeding with any proposed railroad into the Ambler Mining District.

Adopted by the Senate 3/15/84

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 1/19/84

REQUEST

Bill/Resolution No.: _____
Title: Alaska Railroad Acquisition Act

FISCAL DETAIL

Agency Affected: N/A
Program Category Affected: N/A

Sponsor: _____
Requestor: Rules, by request of Governor
Date of Request: 1/18/84

BRU, Program or Subprogram(s) Affected: _____
N/A

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING *						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	22,271.0	-0-	-0-	-0-	-0-
REVENUE *	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	22,271.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	22,271.0	-0-	-0-	-0-	-0-

POSITIONS: *

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: GENERAL FUND

*This fiscal note only covers the actual purchase price. Specific estimates for these other needs will be presented in subsequent fiscal notes relating to proposed operating entity legislation.

ANALYSIS: Attach a separate page for analysis

Prepared By: Mark S. Hickey, State Railroad Coordinator Phone: 465-3900

Division: Alaska Railroad Transfer Team Date: 1/19/84

Approved by Commissioner: H. Glenzer, Jr. Date: 1/19/84

Agency: Dept. of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Analysis:

If the State elects to acquire the Alaska Railroad in accordance with the Alaska Railroad Transfer Act of 1982, it must compensate the United States for its fair market value. The Alaska Railroad Transfer Team has determined the valuation of \$22,271,000 performed by the United States Railway Association should be accepted as reasonable.

In addition to the purchase price, the Transfer Team has identified the total liability to the State associated with acquisition of the railroad. Although there are a few unknowns still under investigation, we have determined that under a low-end or "best case" scenario, that approximately \$23.5 million will be needed for additional "start-up costs" to cover the first years of operations. Under a high end or "worst case" scenario, the additional financial exposure to the State from ensuring continued rail operations for the next ten years may run as high as \$47.9 million (in 1983 dollars).

The railroad is an important link in Alaska's transportation network, particularly for the surface movement of bulk commodities. Abandonment of rail service would, at the very least, result in costly impacts to the State's highway system.

The federal government has the authority to dispose of the railroad, and appears committed to doing so. There is no guarantee that service will be continued under another disposition. Nor is there any current evidence of a private sector interest willing to step in and guarantee continued rail services.

Acquisition ensures continuation of essential rail services, gives the State control over the railroad's operations, and preserves all future options regarding its final disposition. It also offers the State an opportunity to restructure the existing organization to obtain greater efficiencies and make the railroad more responsive to our goals.

For these reasons, the Sherrilein Administration has accepted the recommendation of the Transfer Team that the State should proceed with acquisition of the Alaska Railroad. Furthermore, additional discussion with the federal government over compensation terms has led to the conclusion to seek a direct cash acquisition versus more complicated land trades or financing packages.

Alaska State Legislature

House of Representatives



Rep. Bette Cato, Chairman

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

MEMORANDUM

TO: Representative Albert Adams, Chairman
House Finance Committee

FROM: Representative Bette Cato, Chairman *BC*
House Transportation Committee

DATE: March 23, 1984

RE: CSSB 370 (Transportation) am

This is to inform you that the House Transportation Committee rescinded a committee motion made on March 20, 1984 concerning the passage of the Senate Letter of Intent accompanying CSSB 370 (Transportation) am and passed the Letter of Intent out of committee on March 21, 1984.

A copy of the Senate Letter of Intent is attached with this memorandum. A copy has also been sent to your committee staff.

Bette

You will need to make a motion on the Floor today to rescind the Committee's motion yesterday concerning CSSB 370(Trsp)am not passing the Senate's Letter of Intent, say under UNFINISHED BUSINESS.

The following is what you will need to say:

I move and ask unanimous consent that the House Transportation Committee's report of yesterday concerning CSSB 370(Trsp)am be corrected to reflect the House Transportation Committee rescinded its action and moved the Senate Letter of Intent today.

SB 519 cont'd

HCS SB 519 FIN CONCUR

Yeas: 0

Nays: 20 Bennett, Eliason, Fahrenkamp,
Faiks, Ferguson, Fischer Paul,
Fischer Vic, Gilman, Haiford,
Josephson, Kelly, Kerctula, Moss,
Mulcahy, Pettyjohn, Ray, Rodey,
Sackett, Sturgulewski, Ziegler

and so, the Senate failed to concur.

The Secretary was requested to notify the House of the Senate's action and request the House to recede from its amendment. In the event the House fails to recede, the President appointed a CONFERENCE COMMITTEE to meet with a like committee from the House to consider the bills:

Senator Sackett, Chairman
Senator Bennett
Senator Vic Fischer

SB 312

Message of May 4 was read, stating the House passed:

CS FOR SENATE BILL NO. 312 (JUD)
(creating the office of public
advocacy; efd).

CS FOR SENATE BILL NO. 312 (JUD) was referred to the Secretary for enrollment.

SB 370

Message of May 4 was read, stating the House passed:

CS FOR SENATE BILL NO. 370 (TRSP) am
(authorizing the acquisition of the
Alaska Railroad; authorizing the governor
to negotiate the transfer terms; efd).

CS FOR SENATE BILL NO. 370 (TRSP) am was referred to the Secretary for enrollment.

HB 106

Message of May 5 was read, stating the House rescinded its previous action in failing to concur in the Senate amendments to HOUSE BILL NO. 106.

SENATE CS FOR HOUSE BILL NO. 106 (SA) am S
(Alaska bidder preference)

passed the House.

Senate members on the CONFERENCE COMMITTEE were automatically discharged:

Senator Elason, Chairman
Senator Vic Fischer
Senator Josephson

Messages of May 4, 5 and 6 were read, stating the House passed:

FIRST READING AND REFERENCE OF HOUSE RESOLUTIONS

HJR 75

HOUSE JOINT RESOLUTION NO. 75 by the Resources Committee,
Relating to crude oil exports,
was read the first time and referred to the Resources Committee.

FIRST READING AND REFERENCE OF HOUSE BILLS

HB 188

CS FOR HOUSE BILL NO. 188 (FIN) am by the Finance Committee,
entitled:

"An Act relating to big game hunting
by nonresidents."

was read the first time and referred to the Resources Committee.

SENATE AMENDMENT

BY FERGUSON

To: AMEND CS FOR SENATE BILL No. 370((Trsp)

To: _____ HOUSE BILL No. _____

PAGE: 2 LINE: 14

Insert a new section to read:

Sec. 3. The state-owned railroad as defined under 45U.S.C.1202(14
may not apply for a right-of-way across the Western(Kobuk River) unit
of the Gates of the Arctic National Preserve under 16U.S.C.410hh
(4)(b)-(e).

Renumber remaining sections accordingly.

SENATE AMENDMENT

BY FERGUSON

To: AMEND CS FOR SENATE BILL No. 370 (TRSP)

To: _____ HOUSE BILL No. _____

PAGE: 1 LINE: 16

After "1203(a) Insert:

as described in the report of July 14, 1983, as amended,
submitted to the Congress and the Legislature under 45 U.S.C.1204(a)

Page : 2 Line: 10

After the word "transfer" DELETE: ALL MATERIAL and Insert:

to the State of the rail properties of the Alaska Railroad
as described in the report of July 14, 1933, as amended, submitted
to the Congress and the Legislature under 45U.S.C.1204(a).

Alaska
MUNICIPAL
League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

A RESOLUTION URGING THE STATE OF ALASKA
TO PURCHASE THE ALASKA RAILROAD

WHEREAS the federal government has offered to sell the Alaska Railroad to the State of Alaska; and

WHEREAS negotiations are now underway as to price, method of operation, and cost factors; and

WHEREAS the economic values to Alaska and its resource development are the underlying questions;

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League urges the State to acquire the Alaska Railroad System, including all existing and future planned rights-of-way; and

BE IT FURTHER RESOLVED that the Alaska Municipal League urges the negotiating teams to complete their work with dispatch so as to ward off adverse future congressional action.

Adopted this 5th day of November, 1983.

ALASKA SENATE TRANSPORTATION COMMITTEE
COMMITTEE MEETING AGENDA

Tuesday, February 7, 1984
1:30 p.m.
The Butrovitch Room

I. Call Meeting to Order

A. Note Committee Members Present

B. Welcome Those Observing

C. Those wishing to testify, sign in. Remind those giving testimony to speak up and state their name for the record.

II. Announce Legislation under consideration or purpose of meeting:

SB 370 "Authorizing the acquisition of the Alaska Railroad; authorizing the governor to negotiate the transfer terms; and providing for an effective date."

Other notes or reminders:

-Acquisition Authorization

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE
2 CS FOR SENATE BILL NO. 370 (Transportation) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act authorizing the acquisition of the Alaska
7 Railroad; authorizing the governor to negotiate the
8 transfer terms; and providing for an effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. ACCEPTANCE OF CERTIFICATION REQUIREMENTS OF ALASKA RAIL-
11 ROAD TRANSFER ACT OF 1982. The state accepts, for itself and any entity
12 that might subsequently be created to operate the Alaska Railroad, the
13 certification requirements under 45 U.S.C. 1201 - 1214 (Alaska Railroad
14 Transfer Act of January 14, 1983). Accordingly, the state agrees to
15 (1) acquire the Alaska Railroad and accept all rail property of
16 the Alaska Railroad under 45 U.S.C. 1203(a) as described in the report of
17 July 14, 1983, an amended, submitted to Congress and the legislature under
18 45 U.S.C. 1204(a);
19 (2) operate the Alaska Railroad as a rail carrier in intrastate
20 and interstate commerce;
21 (3) assume all rights, liabilities, and obligations of the
22 Alaska Railroad existing on the date of transfer to the state, including
23 leases, permits, licenses, contracts, agreements, claims, tariffs, accounts
24 receivable, and accounts payable, except as otherwise provided by 45 U.S.C.
25 1201 - 1214;
26 (4) protect the employment interests of the employees of the
27 Alaska Railroad during the two-year period commencing on the date of trans-
28 fer, as required by 45 U.S.C. 1203(d)(3)(A) and 45 U.S.C. 1206;
29 (5) protect the employment interests of the officers of the

1 Alaska Railroad as required by 45 U.S.C. 1203(d)(3)(E);

2 (6) allow representatives of the United States Secretary of
3 Transportation adequate access to employees and records of the Alaska
4 Railroad when needed for the performance of functions related to the period
5 of federal ownership; and

6 (7) compensate the United States at the value determined by the
7 United States Railway Association under 45 U.S.C. 1204(d).

8 * Sec. 2. (a) The governor may enter into transfer agreements, compen-
9 sation agreements, and any other related agreements with the United States
10 Secretary of Transportation in order to secure certification by the secre-
11 tary that the state has met the requirements of 45 U.S.C. 1203 and in order
12 to secure the transfer of the Alaska Railroad to the state of the rail
13 properties of the Alaska Railroad as described in the report of July 14,
14 1983, as amended, submitted to Congress and the legislature under 45 U.S.C.
15 1204(a).

16 (b) Transfer of the Alaska Railroad shall not occur until after the
17 effective date of an Act establishing or otherwise providing for an entity
18 to operate the state-owned railroad.

19 * Sec. 3. DEFINITIONS. In this Act, unless the context clearly indi-
20 cates otherwise,

21 (1) "Alaska Railroad" means the agency of the United States
22 Government that is operated by the U.S. Department of Transportation as a
23 rail carrier in Alaska under authority of 43 U.S.C. 975 - 975(g) (Alaska
24 Railroad Act) and 49 U.S.C. 1655(i) (Department of Transportation Act) or,
25 as the context requires, the railroad operated by that agency;

26 (2) "certification requirements" means the conditions under 45
27 U.S.C. 1203 that the United States Secretary of Transportation must certify
28 as having been satisfied by the state before transfer of the Alaska Rail-
29 road to the State of Alaska may occur under 45 U.S.C. 1203(a);

1 (3) "compensate" means payment in full or by credit agreement
2 with cash or pledged funds;

3 (4) "officers of the Alaska Railroad" means the employees occu-
4 pying the following positions at the Alaska Railroad as of the day before
5 the date of transfer to the state: general manager; assistant general
6 manager; assistant to the general manager; chief of administration; and
7 chief counsel.

8 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
9 10.070(c).

Offered: 2/15/64
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE BILL NO. 543 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act authorizing the acquisition of the Alaska
7 Railroad; authorizing the governor to negotiate the
8 transfer terms; and providing for an effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. ACCEPTANCE OF CERTIFICATION REQUIREMENTS OF ALASKA RAIL-
11 ROAD TRANSFER ACT OF 1982. The state accepts, for itself and any entity
12 that might subsequently be created to operate the Alaska Railroad, the
13 certification requirements under 45 U.S.C. 1201 - 1214 (Alaska Railroad
14 Transfer Act of January 14, 1983). Accordingly, the state agrees to
15 (1) acquire the Alaska Railroad and accept all rail property of
16 the Alaska Railroad under 45 U.S.C. 1203(a);
17 (2) operate the Alaska Railroad as a rail carrier in intrastate
18 and interstate commerce;
19 (3) assume all rights, liabilities, and obligations of the
20 Alaska Railroad existing on the date of transfer to the state, including
21 leases, permits, licenses, contracts, agreements, claims, tariffs, accounts
22 receivable, and accounts payable, except as otherwise provided by 45 U.S.C.
23 1201 - 1214;
24 (4) protect the employment interests of the employes of the
25 Alaska Railroad during the two-year period commencing on the date of trans-
26 fer, as required by 45 U.S.C. 1203(d)(3)(A) and 45 U.S.C. 1206;
27 (5) protect the employment interests of the officers of the
28 Alaska Railroad as required by 45 U.S.C. 1203(d)(3)(E);
29 (6) allow representatives of the United States Secretary of

1 Transportation adequate access to employees and records of the Alaska
2 Railroad when needed for the performance of functions related to the period
3 of federal ownership; and

4 (7) compensate the United States at the value determined by the
5 United States Railway Association under 45 U.S.C. 1204(d).

6 * Sec. 2. (a) The governor may enter into transfer agreements, compen-
7 sation agreements, and any other related agreements with the United States
8 Secretary of Transportation in order to secure certification by the secre-
9 tary that the state has met the requirements of 45 U.S.C. 1203 and in order
10 to secure the transfer of the Alaska Railroad to the state.

11 (b) Transfer of the Alaska Railroad shall not occur until after the
12 effective date of an Act establishing or otherwise providing for an entity
13 to operate the state-owned railroad.

14 * Sec. 3. DEFINITIONS. In this Act, unless the context clearly indi-
15 cates otherwise,

16 (1) "Alaska Railroad" means the agency of the United States
17 Government that is operated by the U.S. Department of Transportation as a
18 rail carrier in Alaska under authority of 43 U.S.C. 975 - 975(g) (Alaska
19 Railroad Act) and 49 U.S.C. 1655(i) (Department of Transportation Act) or,
20 as the context requires, the railroad operated by that agency;

21 (2) "certification requirements" means the conditions under 45
22 U.S.C. 1203 that the United States Secretary of Transportation must certify
23 as having been satisfied by the state before transfer of the Alaska Rail-
24 road to the State of Alaska may occur under 45 U.S.C. 1203(a);

25 (3) "compensate" means payment in full or by credit agreement
26 with cash or pledged funds;

27 (4) "officers of the Alaska Railroad" means the employees occu-
28 pying the following positions at the Alaska Railroad as of the day before
29 the date of transfer to the state: general manager; assistant general

1 manager; assistant to the general manager; chief of administration; and
2 chief counsel.

3 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).