

HB

294

Rep. Richard Foster



Alaska State Legislature

House of Representatives
Community & Regional Affairs

March 19, 1990

Frank Turpin, President
Alaska Railroad Corporation
P.O. Box 107500
Anchorage, Alaska 99510-7500

Dear Mr. Turpin:

As you know, the House Community and Regional Affairs Committee is considering HB 294, "an act relating to taxation of property of the Alaska Railroad Corporation by municipalities".

Numerous concerns have been expressed regarding the impact of taxing the ARRC and the potential of shifting of these tax liabilities by the ARRC to private users in the form of increased fares, and public entities in the form of increased lease and permit fees. Another concern is the effect the continued operation of the ARRC as a viable, self-supporting entity.

It is impossible to estimate the impact of a tax liability without knowing the amount of that liability. Necessary information includes a detailed breakdown by jurisdiction of all operating and non-operating assets of the ARRC. This breakdown should include use and location of lands owned and used by the railroad, leased or permitted to public entities or private parties including rents and terms of agreements. Additionally, a complete inventory of improvements including roadbeds, switchyards, buildings, bridges and tunnels would be required. A breakdown of equipment such as rolling stock, whether owned, leased, or rented, computers, maintenance equipment and inventories would also be necessary.

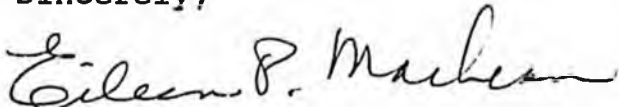
It has been suggested that the valuation of the ARRC would best be accomplished using the income approach to value. An

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audit report showing ARRC income and expenses is also requested. An income derived value will than be allocated between various jurisdictions using the detailed information supplied by the ARRC in this request, of all operating and non-operating assets by location.

Your assistance in responding to this request will be appreciated. Should you have any questions, please feel free to contact my office at your convenience.

Sincerely,



Representative Eileen P. MacLean
Chairman, House Community & Regional
Affairs Committee

cc: House Community and Regional Affairs members