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**300**

MAR 19 1990



RESOLUTION 90-10



HOUSTON, ALASKA  
A BICENTENNIAL COMMUNITY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOUSTON, ALASKA SUPPORTING THE ELIMINATION OF THE ALASKA RAILROAD CORPORATIONS PROPERTY TAX LIABILITY EXEMPTION.

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WHEREAS, Alaska State Statute 42.40.910 grants the real and personal property of the Alaska Railroad an exemption from all taxes and special assessments by the State and municipalities; and

WHEREAS, the Railroad directly and indirectly competes with private carriers in the transportation of goods along the railbelt; and

WHEREAS, the private carriers are liable for the payment of taxes to the State and municipalities; and

WHEREAS, these tax payments place the other carriers at a relative disadvantage vis a vis the Alaska Railroad; and

WHEREAS, this tax disadvantage distorts the allocation of society's resources from the most efficient mix possible; and

WHEREAS, the Alaska Railroad's property interest benefits from services provided from the local government; and

WHEREAS, the Alaska Railroad does not reimburse the local government for any of these benefits which, in fact, the Railroad is increasing fees charged to local governments for use of its right-of-ways and leasehold interests; and

WHEREAS, this disparity places an unfair burden on the local taxpayers; and

WHEREAS, a private railroad would not enjoy tax exempt status.

NOW, THEREFORE, BE IT RESOLVED that the Alaska State Statute 42.40.910 be amended to read as follows:

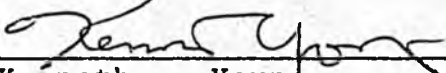
A.S. 42.40.910. "Exemptions from taxation. (a) The exercise of the powers granted by this chapter shall be in all respects for the benefit of the people of the state, for

Resolution 90-10

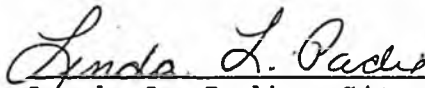
Page 2

their well being and prosperity, and for the improvement of their social and economic conditions. [Subject to (b) of the section the) The real and personal property of the corporation shall be liable for property taxes levied by a Municipality. [And its assets] Its income and receipts are exempt from all taxes [and special assessments] of the State or a political subdivisions of the State."

ADOPTED by a duly constituted quorum of the City Council of Houston, Alaska this 13th day of March, 1990.

  
\_\_\_\_\_  
Kenneth Young,  
Deputy Mayor Pro-Tem

ATTEST:

  
\_\_\_\_\_  
Linda L. Padie, City Clerk

# Alaska State Legislature

3111 C Street, Suite 150  
Anchorage, Alaska 99503  
(907) 561-2038

During Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4993

**Senator Drue Pearce**  
District G

## MEMORANDUM

TO: Senator Lloyd Jones, Chairman  
Senate Transportation Committee

FROM: Senator Drue Pearce *Drue Pearce*

RE: Request for Hearing  
Alaska Railroad Property Taxation by Municipalities

DATE: January 16, 1990

Senate Transportation is the first committee of referral for Senate Bill 300, and I request that a hearing be scheduled for this bill at the earliest possible opportunity.

The Alaska Railroad Corporation (ARRC) is a public corporation with a legal existence independent of and separate from the state. The ARRC holds substantial interests in real and personal property which are currently not subject to property taxes imposed by municipalities.

On Friday, April 21, 1989, I introduced this bill which will allow imposition of taxes by municipalities upon the assets of the ARRC by exempting that corporation from the exemption granted to property of the state in Article IX, Section 4 of the Constitution of the State of Alaska. The companion bill in the House is HB 294 by the Finance Committee.

As an example of the positive fiscal impacts to municipalities with ARRC property interests within their boundaries, the Assessor for the Municipality of Anchorage estimates the value of the ARRC real and personal business property within the Municipality to be \$66,679,900 using market rates. At an average mill rate of 15 mills, this would generate revenues of approximately \$1,000,000 for Anchorage.

Information from other communities which could receive benefits is currently being compiled and will be available for distribution soon.

Jo Fenety of my staff is the contact on this bill.

DP:jf

*Sen. Pearce  
staff asked  
to postpone  
hearing.*



MAR 15 1990

March 8, 1990

Senator Lloyd Jones  
Room 9, Capitol  
P. O. Box V  
Juneau, Alaska 99811

Dear Senator Jones:

Enclosed for your information is a copy of Resolution #9018 adopted by the Valdez City Council on March 5, 1990. This resolution supports the elimination of the Alaska Railroad Corporation's Property Tax Liability Exemption.

We would appreciate your support in this effort.

Yours truly,

*Jeanne Donald*

Jeanne Donald  
City Clerk

Enclosure

CITY OF VALDEZ, ALASKA

RESOLUTION NO. 9018

A RESOLUTION OF CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, SUPPORTING THE ELIMINATION OF THE ALASKA RAILROAD CORPORATION'S PROPERTY TAX LIABILITY EXEMPTION

WHEREAS, Alaska State Statute 42.40.910 grants the real and personal property of the Alaska Railroad an exemption from all taxes and special assessments by the State and municipalities; and

WHEREAS, the Railroad directly and indirectly competes with private carriers in the transportation of goods along the railbelt; and

WHEREAS, the private carriers are liable for the payment of taxes to the State and municipalities; and

WHEREAS, these tax payments place the other carriers at a relative disadvantage vis a vis the Alaska Railroad; and

WHEREAS, this tax disadvantage distorts the allocation of society's resources from the most efficient mix possible; and

WHEREAS, the Alaska Railroad's property interest benefits from services provided from the local government; and

WHEREAS, the Alaska Railroad does not reimburse the local government for any of these benefits which, in fact, the Railroad is increasing fees charged to local governments for use of its right-of-ways and leasehold interests; and

WHEREAS, this disparity places an unfair burden on the local taxpayers; and

WHEREAS, a private railroad would not enjoy tax exempt status.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

Section 1. The City of Valdez supports the amendment of Alaska State Statute 42.40.910 to read as follows:

A.S. 42.40.910. "Exemptions from taxation. (a) The exercise of the powers granted by this chapter shall be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions. [Subject to (b) of this section the] The real and personal property of the corporation shall be liable for property taxes levied by a Municipality.

CITY OF VALDEZ  
RESOLUTION NO. 9018  
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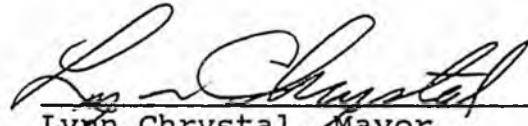
[And its assets] Its income and receipts are exempt from all taxes [and special assessments] of the State or a political subdivision of the State."

Section 2. That this resolution is effective upon passage and approval.

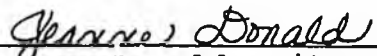
Section 3. That copies of this resolution shall be sent to the governor of the State of Alaska and the President and CEO of the Alaska Railroad Corporation, Senator Lloyd Jones Chairman of the Senate Transportation Committee, Representative Eileen MacLean Chairman of the House Community and Regional Affairs Committee, Representative Eugene Kubina, Senator Mike Szymanski, Senator Jay Kerttula and the Alaska Municipal League.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 5th day of March, 1990.

CITY OF VALDEZ, ALASKA

  
\_\_\_\_\_  
Lynn Chrystal, Mayor

ATTEST:

  
\_\_\_\_\_  
Jeanne Donald, City Clerk



MAR 05 1990

Introduced by: Council Member Hayes  
Date: February 26, 1990

RESOLUTION NO. 3157

A RESOLUTION OF THE CITY OF FAIRBANKS SUPPORTING  
ALASKA LEGISLATURE SENATE BILL NO. 300

WHEREAS, Alaska State Statute 42.40.910 grants the real and personal property of the Alaska Railroad an exemption from all taxes and special assessments by the State and municipalities; and

WHEREAS, The Railroad directly and indirectly competes with private carriers in the transportation of goods along the railbelt; and

WHEREAS, the private carriers are liable for the payment of taxes to the State and municipalities; and

WHEREAS, these tax payments place the other carriers at a relative disadvantage vis a vis the Alaska Railroad; and

WHEREAS, this tax disadvantage distorts the allocation of society's resources from the most efficient mix possible; and

WHEREAS, the Alaska Railroad's property interest benefits from services provided from the local government; and

WHEREAS, the Alaska Railroad does not reimburse the local government for any of these benefits which, in fact, the Railroad is increasing fees charged to local governments for use of its right-of-ways and leasehold interests; and

WHEREAS, this disparity places an unfair burden on the local taxpayers; and

WHEREAS, a private railroad would not enjoy tax exempt status.

NOW, THEREFORE, THE CITY OF FAIRBANKS CITY COUNCIL resolves:


Section 1 That Alaska State Statute 42,40.910 be amended to read as follows:

A.S. 42.40.910 "Exemptions from taxation. (a) The exercise of the powers granted by this chapter shall be in all respects for the benefit of the people of the state, for their well-being and prosperity and for the improvement of their social and economic conditions. (Subject to (b) of this section the) The real and personal property of the corporation shall be liable for property taxes levied by a Municipality. [And its assets] Its income and receipts are exempt from all taxes [and special assessments] of the State or a political subdivision of the State."

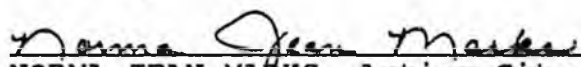
Section 2 That this resolution is effective upon passage and approval.

Section 3 That copies of the resolution shall be sent to the Governor of the State of Alaska and the President and CEO of the Alaska Railroad Corporation and all members of the Alaska State Legislature.

PASSED AND APPROVED by the City of Fairbanks City Council this 26th day of February, 1990.

  
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J.D. NORDALE, Mayor

ATTEST:

  
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NORMA JEAN MARKS, Acting City Clerk