

**SB**

**2008**



# SENATOR JERRY WARD

ALASKA STATE LEGISLATURE

## SB 208 SPONSOR STATEMENT

*"An Act establishing the Alaska Marine and Rail Transportation Authority; relating to ferries and ferry terminals; relating to the Alaska Railroad Corporation; and providing for an effective date."*

The intent of this Act is to establish a state-owned authority that would be directly responsible for the operation and management of both the Alaska Railroad Corporation and the Alaska Marine Highway.

In 1985 the State of Alaska purchased the Alaska Railroad from the Federal Government for \$20 million dollars. This transaction came with a significant amount of excess land that assists in the operational costs of the railroad. The Alaska Railroad currently has a surplus land base. The Alaska Railroad is not currently under the executive budget act. The Alaska Marine Highway was created under the authority of the Federal Government in 1963 and was not given a land base. For the past several years the Alaska Marine Highway has relied on the general fund for costs because of lack of capital equity base in order to make it self sufficient.

By creating an authority it would allow the excess land to generate revenue and provide a stable funding base for the Alaska Marine and Rail Transportation Authority. The idea is to reduce the requirements to fund the Alaska Marine Highway through the general fund. The overall transportation plan in Alaska would benefit from the re-organization and provide for a system to utilize both services and cut the cost of doing so. Currently the Alaska Marine Highway and the Alaska Railroad share the use of facilities in many locations.

The authority will be a public corporation of the state and a division of the Department of Transportation and Public Facilities. The authority will operate the Alaska marine highway system and the state-owned Alaska Railroad as separate divisions of the authority.

The authority will make all of its financial records available to the legislature and an appointee of the Governor. The authority shall submit an annual budget for the Alaska marine highway system and the Alaska Railroad Corporation to the legislature through the governor.

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The primary duties of the authority will be to assist residents, businesses and communities of the state to obtain the highest quality of the marine, rail passenger and freight service. The authority will be responsible to encourage and integrate with other public and private carriers in and outside the state to provide the highest quality of service within the state. The authority is required to employ Alaskan residents to the highest legal level possible.

The authority will operate under the name "Alaska Marine and Rail Transportation Authority." The authority shall prepare a comprehensive long-range plan for the development and improvement of the Alaska marine highway system and the Alaska Railroad.

The authority may acquire by purchase, gift, or exchange land in fee simple or easements that it considers necessary and reasonable for either temporary or permanent public use. The authority may transfer land, other than rail land under AS 44.90.240 that is not considered necessary for use by the marine highway system. The authority will have the power to receive additional land grants from the state. The proceeds of disposal by the Department of Natural Resources shall be credited to the funds from which the purchase of the land was originally made.

It is my hope as sponsor of SB 208 that it becomes legislation in order to ensure a long-term transportation network that serves all Alaskans.

# LEGAL SERVICES

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## MEMORANDUM

January 26, 2000

**SUBJECT:** Sectional Summary of SB 208; An Act establishing the Alaska Marine and Rail Transportation Authority; relating to ferries and ferry terminals; and relating to the Alaska Railroad Corporation. (SB 208)

**TO:** Senator Jerry Ward  
ATTN: Angela Moss

**FROM:** George Utermohle   
Legislative Counsel

You have requested a sectional summary of SB 208; An Act establishing the Alaska Marine and Rail Transportation Authority; relating to ferries and ferry terminals; and relating to the Alaska Railroad Corporation.

As a preliminary matter, please note that a sectional summary only highlights significant elements of a bill and is neither a detailed review nor an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill sets out the findings of the legislature and the purpose of the bill.

Section 2 of the bill adds a new chapter to AS 44 creating the Alaska Marine and Rail Transportation Authority.

### CHAPTER 90. ALASKA MARINE AND RAIL TRANSPORTATION AUTHORITY. ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 44.90.010 creates the Alaska Marine and Rail Transportation Authority as a public corporation and instrumentality of the state in the Department of Transportation and Public Facilities. The authority shall operate the Alaska marine highway system and the state-owned Alaska Railroad as separate divisions of the authority. The powers of the authority are vested in the board of directors of the authority.

Sec. 44.90.020 creates the board of directors of the authority. The board consists of seven voting members. The commissioner of transportation and public facilities and the commissioner of community and economic development serve as nonvoting members of the board. The voting members of the board are appointed by the Governor from among persons qualified to serve on the board.

Appointed members of the board serve staggered, five-year terms and may be removed only for cause.

Members of the board are subject to AS 39.50, relating to public official financial disclosure.

Appointed members of the board are entitled to compensation at a rate of \$350 per day while performing the duties of the board. Appointed members of the board are also entitled to per diem and travel expenses authorized under AS 39.20.180.

Sec. 44.90.030 describes the officers of the board and sets the quorum of the board at four members.

Sec. 44.90.040 provides that the board shall employ a chief executive officer and such other additional administrative staff and officers as necessary. The board shall also employ a chief operating officer for the Alaska marine highway system. All employees of the authority, other than employees of the Alaska Railroad Corporation, are in the exempt service under AS 39.25.110. The board may contract for the services of consultants and advisors as it considers necessary.

#### ARTICLE 2. POWERS AND DUTIES.

Sec. 44.90.110 sets out the powers of the authority.

Sec. 44.90.120 sets out the duties of the authority.

Sec. 44.90.130 authorizes the authority to operate a ferry system under the name "Alaska Marine Highway system".

Sec. 44.90.140 provides that the authority shall, with the cooperation of the Department of Transportation and Public Facilities, develop, update, and revise plans for the long-range development and improvement of the Alaska marine highway system and the Alaska Railroad.

#### ARTICLE 3. ACQUISITION AND MANAGEMENT OF PROPERTY.

Sec. 44.90.210 provides that the authority has the power to acquire land and easements in land necessary for the purposes of the Alaska marine highway system and the authority. The authority may exercise this power to obtain sand, gravel, rock, and other materials.

Sec. 44.90.220 provides that the authority has the power to acquire land for the purpose of exchange for other land needed by the authority.

Sec. 44.90.230 provides that the authority may vacate land or interests in land. The authority may transfer excess land, other than rail land, to the Department of Natural Resources for disposal.

Sec. 44.90.240 provides that rail land received by the authority from the Alaska Railroad Corporation may be subject to leases, easements, and other rights granted by the authority. However without legislative approval, rail land may not be sold or otherwise wholly conveyed out of the ownership of the authority and may not be leased for a period of more than 35 years without a reserved right to terminate the lease. The authority may adopt regulations governing the use of land by persons having interests in rail land owned by the authority. The authority may authorize the state or a municipality to use rail land for a public purpose.

Rail land is land formerly owned by the Alaska Railroad Corporation that is not necessary for use, maintenance, or operation of the Alaska Railroad and has been conveyed to the authority under this bill.

#### ARTICLE 4. VESSELS AND FERRY TERMINAL FACILITIES.

Sec. 44.90.310 provides for the acquisition, maintenance, repair, and use of ferry terminal facilities.

Sec. 44.90.320 provides for the naming of vessels and facilities of the Alaska marine highway system.

Sec. 44.90.330 provides that the authority shall prepare an annual report describing the operations, income and expenditures of the Alaska marine highway system during the prior fiscal year. The report is to be provided to the legislature and the governor.

#### ARTICLE 5. GENERAL PROVISIONS.

sec. 44.90.910 provides that the authority shall submit an annual budget for operation of the Alaska marine highway system, the Alaska Railroad Corporation, and the administrative functions of the authority in accordance with the Executive Budget Act (AS 37.07).

Sec. 44.90.990 defines terms used in AS 44.90.

Sec. 44.90.995 provides that AS 44.90 shall be known as the Alaska Marine and Rail Transportation Authority Act.

**Section 3** of the bill makes a technical change to AS 03.53.010(a), relating to transportation of animals on state ferries, to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

**Sections 4 - 10** of the bill make technical changes to provisions of AS 19.65, relating to the Alaska marine highway system fund, made necessary by the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

Section 11 of the bill makes a technical change to AS 23.40.040, relating to collective bargaining with ferry system employees, to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

Sections 12 - 13 of the bill make technical changes to provisions of AS 35.10.015, relating to accessibility of state ferries to disabled persons, to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

Sections 14 - 17 of the bill make technical changes to provisions of AS 35.27 (art in public places) to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority. The authority is responsible for compliance with AS 35.27 in regard to implementation of the art in public places program. The Alaska Railroad and vessels of the Alaska marine highway system are not subject to provisions of the art in public places program.

Sections 18 - 20 of the bill make technical changes to provisions of the State Procurement Code (AS 36.30.015(g), 36.30.850(b)(29), and 36.30.990(1)) to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

Section 21 of the bill makes a technical change to AS 36.90.049(e)(1), relating to maintenance of marine vessels, to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

Section 22 of the bill makes a technical change to AS 37.05.550(a), relating to the Alaska marine highway system vessel replacement fund, to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

Section 23 of the bill amends the definition of "agency" in AS 37.07.120(1) to provide that the Alaska Marine and Rail Transportation Authority and the Alaska Railroad Corporation are subject to the Executive Budget Act (AS 37.07).

Section 24 of the bill makes a technical change to AS 39.20.310(8), relating to the exempt status of ship board employees of the Alaska marine highway system, to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

Section 25 of the bill amends AS 39.25.100(11) to provide that the employees of the Alaska Marine and Rail Transportation Authority, other than employees of the Alaska Railroad Corporation, are in the state exempt service.

Section 26 of the bill makes a technical change to AS 39.30.150(b), relating to participation of Alaska marine highway system employees in the public employees retirement system, to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

**Section 27** of the bill makes a technical change to AS 39.35.680(21), relating to the definition of employee for purposes of the public employees retirement system, to conform to the transfer of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

**Section 28** of the bill amends AS 39.50.200(b) in order to make members of the board of the Alaska Marine and Rail Transportation Authority subject to AS 39.50 (public official financial disclosure).

**Sections 29 - 30** of the bill amend definitions used in the AS 39.52 (Alaska Executive Branch Ethics Act) in order to include the Alaska Marine and Rail Transportation Authority within the definition of "agency" and "board or commission".

**Section 31** of the bill amends AS 42.40.010 to provide that the Alaska Railroad Corporation is part of the Alaska Marine and Rail Transportation Authority.

**Section 32** of the bill repeals and reenacts AS 42.40.020 to provide that the board of directors of the Alaska Marine and Rail Transportation Authority is also the board of the Alaska Railroad Corporation.

**Section 33** of the bill amends AS 42.40.100 to provide that the Alaska Railroad Corporation shall submit its requests for operating and capital appropriations for the railroad to the legislature through the Alaska Marine and Rail Transportation Authority. The term "chief operating officer" is substituted for "chief executive officer".

**Sections 34 - 36** of the bill make technical changes to provisions of AS 42.40.110 and 42.40.120 to conform to the change in the title of the chief officer of the Alaska railroad from chief executive officer to chief operating officer.

**Sections 37 - 40** of the bill make changes to AS 42.40.350, relating to land owned by the Alaska Railroad Corporation, to provide that the corporation shall identify which of its rail land is necessary for the use, maintenance, or operation of the Alaska railroad. Rail land not identified as necessary for the use, maintenance, or operation of the Alaska railroad shall be conveyed to the Alaska Marine and Rail Transportation Authority. The Alaska Railroad Corporation shall retain a permanent easement in land within the railroad right-of-way received by the state under the federal Alaska Railroad Transfer Act.

**Section 41** of the bill make technical changes to AS 42.40.380 to conform to the change in the title of the chief officer of the Alaska railroad from chief executive officer to chief operating officer.

**Section 42** of the bill amends AS 42.40.500 to protect the Alaska Marine and Rail Transportation Authority from liability for a debt, obligation, or liability of the Alaska Railroad Corporation.

**Section 43** of the bill amends AS 42.40.540 to provide that the Alaska Railroad Corporation shall be subject to the Executive Budget Act (AS 37.07) and is required to obtain appropriations from the legislature to carry out its functions.

**Section 44** of the bill amends AS 42.40.900(a) to provide that claims against the Alaska Railroad Corporation may not be brought against the state or the Alaska Marine and Rail Transportation Authority.

**Section 45** of the bill amends AS 42.40.920(b) to provide that the Alaska Railroad Corporation is subject to the Executive Budget Act (AS 37.07), except in regard to expenditure for debt service of the corporation.

**Section 46** of the bill makes technical changes to AS 42.40.980(7) to conform to the change in the title of the chief officer of the Alaska railroad from chief executive officer to chief operating officer.

**Sections 47 - 48** of the bill amend AS 44.42.020(a)(1) and (7) relating to the duties of the commissioner of transportation and public facilities in order to clarify the responsibility of the commissioner in regard to facilities of the Alaska Marine and Rail Transportation Authority.

**Section 49** of the bill amends AS 44.99.030(a) by adding the Alaska Marine and Rail Transportation Authority to the list of state entities that may not employ lobbyists.

**Section 50** of the bill amends sec. 1(b), ch. 153, SLA 1984 to provide that the Alaska Railroad Corporation is subject to the appropriation power of the legislature and the Executive Budget Act (AS 37.07).

**Section 51** of the bill provides for the transfer of appropriations, employees, and assets of the Alaska marine highway system to the Alaska Marine and Rail Transportation Authority.

**Section 52** of the bill provides for the initial appointment and terms of the persons appointed to serve as members of the first board of directors of the Alaska Marine and Rail Transportation Authority.

**Section 53** of the bill provides for the transfer of excess rail land of the Alaska Railroad Corporation to the Alaska Marine and Rail Transportation Authority.

**Section 54** of the bill provides for the submission of the first budget prepared under the Executive Budget Act (AS 37.07) by the Alaska Railroad Corporation.

**Section 55** of the bill provides for the repeal of certain provisions of AS 19.65 (Alaska marine highway system) and AS 42.40 (board of directors of the Alaska Railroad Corporation) that are made obsolete by other provisions added or amended by the bill.

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Section 56 of the bill provides that certain provisions of the bill (secs. 1, 23, 43, 45, 50, 52, and 54) take effect immediately under AS 01.10.070(c).

Section 57 of the bill provides that those provisions that do not take effect under sec. 56 take effect on January 1, 2001.

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