

**HB**

**244**

**HFIN**

**FILE**

# Alaska State Legislature

## House of Representatives

RULES COMMITTEE, CHAIR  
COMMITTEE ON COMMITTEES  
LABOR & COMMERCE COMMITTEE  
MILITARY & VETERANS AFFAIRS  
LEGISLATIVE COUNCIL



INTERIM  
10928 EAGLE RIVER RD., SUITE 147  
EAGLE RIVER, AK 99577

SESSION:  
ALASKA STATE CAPITOL  
JUNEAU, AK 99801

### Sponsor Statement

**HB 242**

#### **Public Workforce Retention Legislation Public Employees' and Teachers' Retirement Systems**

This bill will make modest improvements to Alaska retirement statutes to assist Alaska's public employers in attracting and retaining qualified workers as workforce shortages become more pronounced. Employers throughout the state are having difficulty filling vacancies. This is occurring at all levels—teaching, professional, technical and clerical. It is clear from demographic trends that the workforce is aging. Attracting qualified employees will become more and more difficult over the next two decades.

This legislation incorporates a three-pronged legislative approach to address employee retention through the retirement systems:

1. Retiree Return Incentives—brings retirees back into the workforce.
2. Improvements to PERS and TRS Tier II and III medical benefits:
  - Add full system paid retiree medical benefits at age 60 and minimum service of 5 years for PERS Tier II, 10 years for PERS Tier III, and 8 years for TRS.
  - Add full system paid medical benefits for Tier II and Tier III members upon reaching 25 years of service for Teachers and Police/Fire members and upon reaching 30 years of service for Others.
3. Change geographic differential language to eliminate confusion and improve recruitment to and retention in high-cost areas of the state.

The retiree return incentive removes a disincentive for retirees to return to full time employment. Currently, a retiree who wishes to return to permanent public employment must forego retirement benefit payments during their period of return. The change we propose would allow the retiree to continue receiving benefit payments after returning to public employment. To keep this cost-neutral, an employee selecting this option would not accrue additional retirement credit during the period of return.

Public employees hired after June 30, 1986 and teachers hired after June 30, 1990 fall into the Tier II retirement plan. Tier II employees are not eligible for system paid



**Representative Pete Kott**

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<http://www.akrepublicans.org/Kott.htm>



**Sponsor Statement (continued)**

**HB 242**

medical benefits until age 60, and then the retirement plan only pays one half the premium. The legislation includes medical benefit enhancements to prompt employees to stay in the system an additional 5 or more years to qualify for system paid medical coverage. The fiscal impact associated with this enhancement is a modest 0.17% of payroll each year.

The change in geographic differential will improve recruitment to rural areas of the state for such organizations as the State Troopers, the Department of Fish and Game, and the Department of Health and Social Services. This change carries no actuarial cost to the Public Employees' Retirement System.

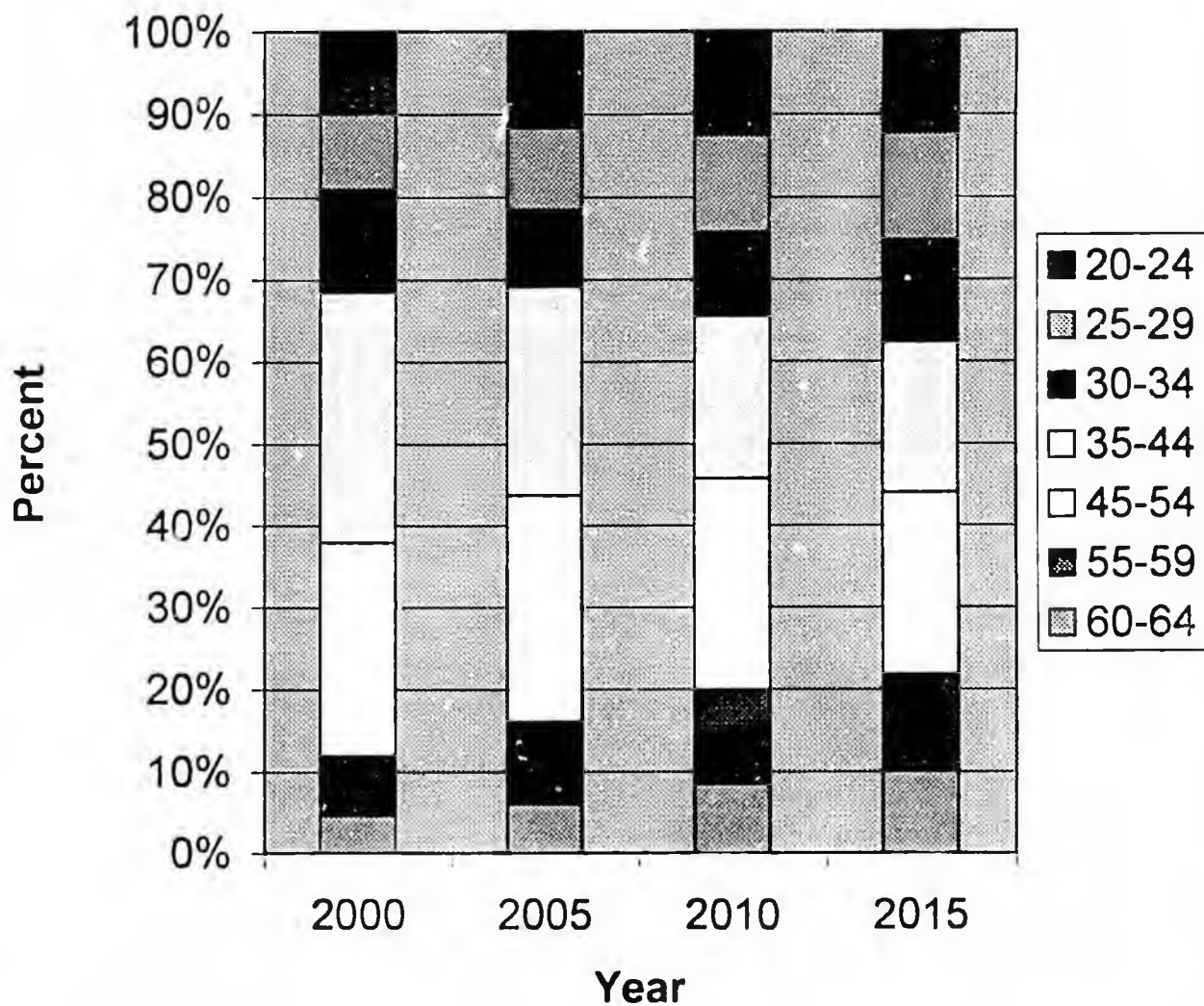
I urge your support for this legislation.

AK Population Projections

Source: AK Dept. of Labor

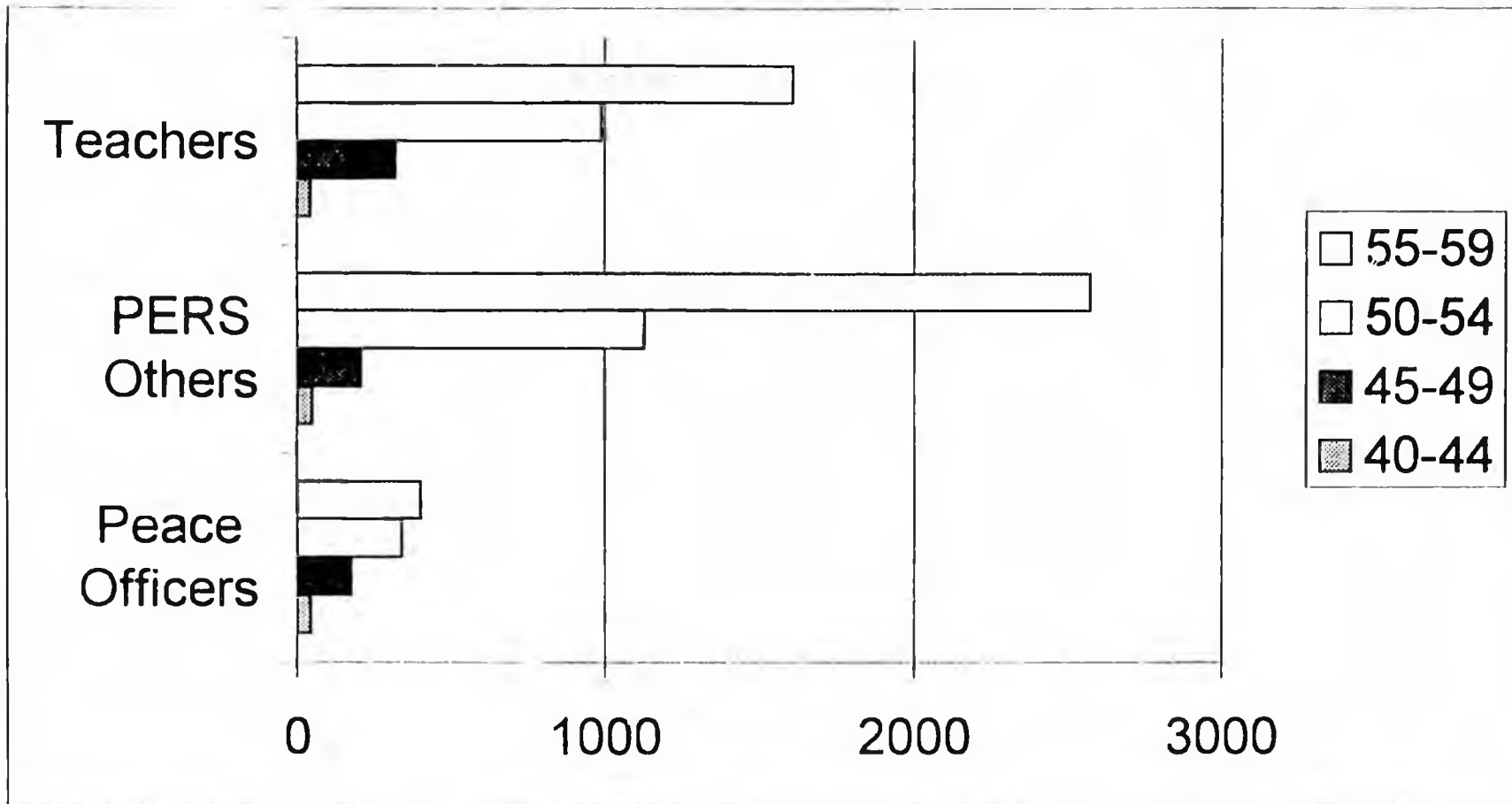
	2000	2005	2010	2015
60-64	17,827	24,511	35,836	43,120
55-59	27,484	39,862	48,060	50,374
45-54	99,430	111,204	108,799	95,507
35-44	116,831	102,570	83,608	79,227
30-34	47,147	36,967	42,569	53,033
25-29	35,238	40,582	50,551	56,575
20-24	37,869	46,784	52,451	52,241

### Alaska Population Distribution



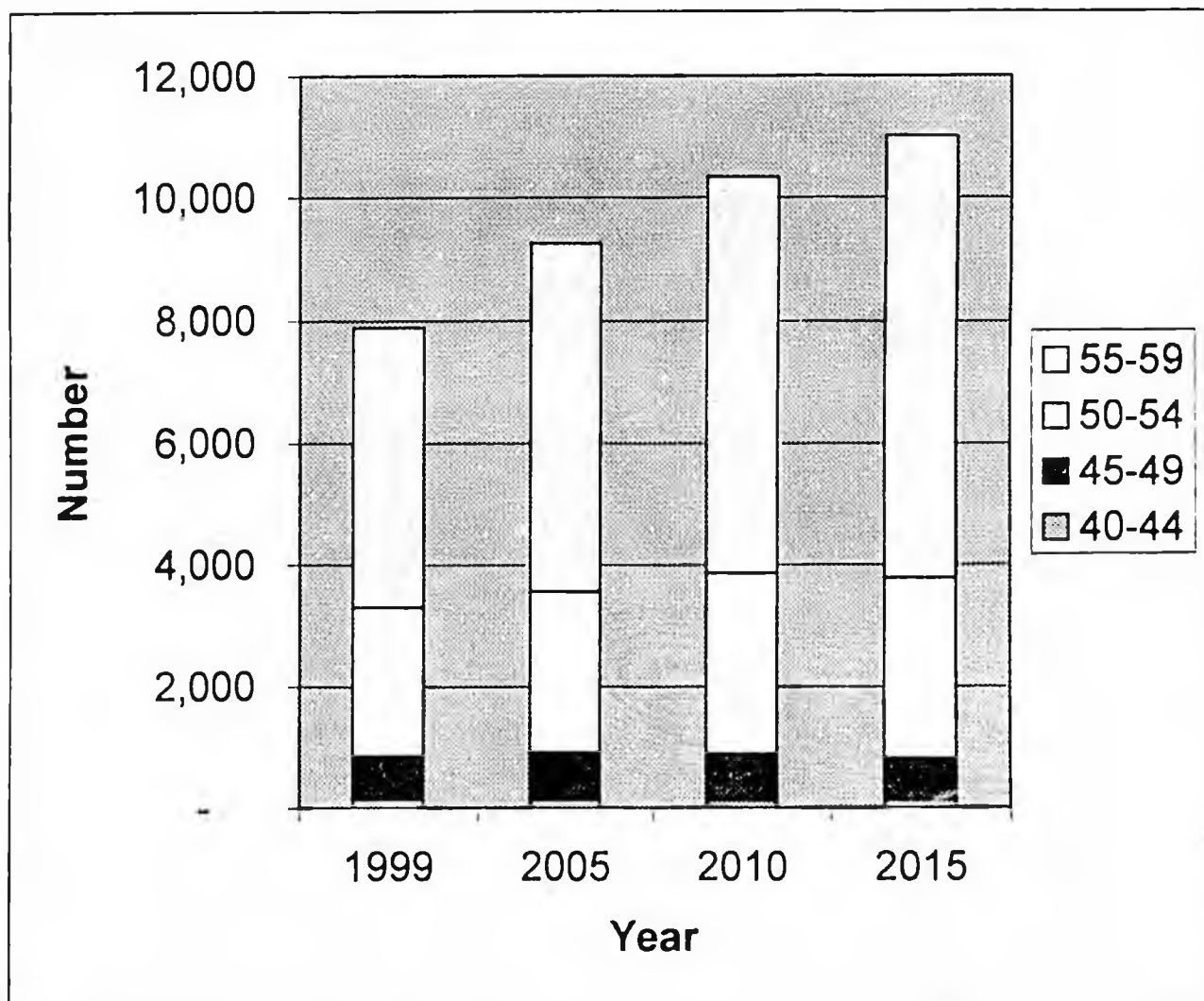
## Retiree Age Summary June 30, 1999

	40-44	45-49	50-54	55-59
Peace Officers	45	176	340	402
PERS Others	51	208	1129	2570
Teachers	45	319	991	1607



# PERS TRS Projected Retirees Between Ages 40 and 59

	1999	2005	2010	2015
40-44	141	139	126	119
45-49	703	764	764	689
50-54	2,460	2,660	2,967	2,967
55-59	4,579	5,684	6,471	7,222



Source: Alaska Division of Retirement and Benefits, US Census Bureau /PERS and TRS population statistics.

## Sectional Analysis

### HB 242

This sectional summary should not be considered an authoritative interpretation of the bill, with the bill itself the best statement of its contents.

#### **Sections 1 and 2: Teachers' Retirement System Retiree Return Initiative**

Adds an incentive for a retired teacher to return to full time teaching for a TRS employer. With this change, a retired teacher who took normal retirement may elect a new option when reemployed. The new option:

- allows the teacher to elect continuation of retirement benefit payments during reemployment;
- would stop additional retirement benefit accrual;
- must be selected within 30 days of reemployment; and
- is not available to RIP participants

If the retired teacher does not make the election, the current method would apply. Under the current method, the teacher would:

- stop receiving a retirement benefit during reemployment; and
- accrue additional retirement benefit during period of reemployment.

Fiscal Impact: NONE

#### **Section 3: Teachers' Retirement System Tier II Medical Benefits Enhancement**

Adds an incentive for teachers to stay in the TRS. Currently Tier II retirees are not eligible for system provided medical coverage until age 60—at which time the retirement system pays ½ the medical premium and the retiree is responsible for the other ½ — regardless of how many years the teacher taught in TRS.

With this change a teacher who stays an additional five years beyond the normal retirement service requirement of twenty years will be eligible for full system paid medical coverage. In addition, all retired teachers will be provided full system paid medical coverage at age 60.

We see this combination of incentives as a method of retaining teachers and attracting second and third career individuals to teaching.

Fiscal Impact: 0.17% of TRS salaries

#### **Sections 4 and 5: Public Employees' Retirement System Retiree Return Initiative**

Adds an incentive for a retired public employee to return to full time employment for a PERS employer. With this change, a retired public employee who took normal retirement may elect a new option when reemployed. The new option:

- allows the employee to elect continuation of retirement benefit payments during reemployment;
- would stop additional retirement benefit accrual;

- must be selected within 30 days of reemployment; and
- is not available to RIP participants

If the retired public employee does not make the election, the current method would apply. Under the current method, the teacher would:

- stop receiving a retirement benefit during reemployment; and
- accrue an additional retirement benefit during the period of reemployment.

Groups affected: all PERS employees including peace officers, professional, technical and clerical workers.

Fiscal Impact: NONE

### **Section 6: Public Employees' Retirement System Tier II Medical Benefits**

#### **Enhancement**

Adds an incentive for public employee to stay in the PERS through 30 years. Currently a Tier II retiree is not eligible for system provided medical coverage until age 60—at which time the retirement system pays ½ the medical premium and the retiree is responsible for the other ½—regardless of how many years the person is in PERS.

With this change a public employee who stays in PERS employment a total of 30 years will be eligible for full system paid medical coverage. In addition, all retired public employees will be provided full system paid medical coverage at age 60.

We see this combination of incentives as a method of retaining public employees and attracting second and third career individuals to public employment.

Fiscal Impact: 0.17% of PERS salaries

### **Section 7: Geographic Differential Amendment**

In 1986, a law was enacted changing the way geographic differential pay is used in calculating a retirement benefit. This change only affects members first hired after July 1, 1986.

Under the pre-1986 law, geographic pay differential was included in a person's retirement benefit calculation as regular salary, regardless of that person's total length of service in a geographic differential pay area. The law was changed to prevent abuse. An extreme example: John, a Fisheries Biologist who has spent his 27 year career in Anchorage, is transferred to Nome, where he spends his final three years, and retires with 30 years of service. While in Nome, he receives a 34% pay differential. His retirement benefit is 34% higher than it would have been had John finished his career in Anchorage.

The 1986 change adds two criteria for inclusion of geographic differential in a person's retirement benefit:

- The person must spend at least 50% of his/her career in an area with a pay differential.

- For a year's salary plus differential to be included in the benefit calculation, the pay differential must be "in a comparable amount or of at least that many steps" when compared to the entire pay differential service.

Again, this change applies only to employees hired after July 1, 1986. The Division of Retirement and Benefits has had great difficulty explaining and applying the second clause. The division's approach is to (1) determine that the person has spent at least 50% of his/her career in a geographic differential area; and (2) list all the geographic differential years and find the midpoint differential amount, then, for geographic differential to be included in total salary for a year, require that that year include at least the midpoint differential percentage.

Under this proposed legislation, a person like John (the person from the extreme example above) would be disqualified from including geographic pay differential in his retirement benefit calculation because he did not spend at least 50% of his career in a pay differential area.

Employees with the Department of Public Safety and other departments that regularly transfer employees between geographic differential areas are concerned over the application of the geographic differential. For the affected departments, this has raised morale and career planning issues. We propose to resolve these problems and the confusion by deleting the clause "in a comparable amount or of at least that many steps" from the law. With the change, a person must still spend at least 50% of his or her career in a geographic differential area for the differential to be applied to a retirement benefit.

**Fiscal Impact:** The Division of Retirement and Benefits will submit a zero fiscal note associated with this change. Our actuarial firm does not consider the current geographic differential law when calculating retirement system liability. Instead, they use current total salary (including any geographic differential) and project it forward to the expected retirement date to calculate system liabilities. That methodology won't change as a result of this legislation. For some Tier II members, the system will have a larger retirement benefit liability than would occur in the absence of this legislation. However, the amount of that liability cannot be predicted and it will depend on each member's total employment history.

**Section 8.** Allows Public Employees' and Teachers' Retirement Boards to adopt regulations immediately to implement this legislation.

**Sections 9 and 10.** Effective date clauses.

# ALASKA STATE LEGISLATURE

REPRESENTATIVE  
JEANNETTE JAMES  
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North Pole, Alaska 99705  
(907) 458-1546  
FAX (907) 488-4271



House of Representatives  
House District 34

While in Juneau  
State Capitol  
Juneau, Alaska  
99801-1102  
(907) 465-3743  
FAX (907) 465-2381

*Amend 1  
adopted*

## CONCEPTUAL AMENDMENT TO CS FOR HOUSE BILL 244

1. On Page 1, Line 14 -- Eliminate By September 1, 2002 so when amended, (b) will begin with: The Denali Borough, in consultation ...
2. On Page 2, Line 2 -- between the words width and that insert: **except where needed for construction, safety, or environmental considerations or for environmental considerations or for required ancillary facility development,**
3. Page 2, Line 8 -- Replace by September 1, 2006 with **upon the submission of the survey,**

Here are four actual cases of the type that HB 40 is intended to address.

Case 1 – A man driving along Glenn Highway into Anchorage one summer afternoon fell asleep at the wheel and violated a traffic regulation by driving onto the bike path. His car struck and killed a woman riding her bicycle on the bike path.

Case 2 – A woman drove from Anchorage to Cooper Landing, where she violated a traffic law by crossing the double yellow line and crashing into another car head on, killing the driver of the other car.

Case 3 – A teenage girl drove down Dimond Boulevard in Anchorage late at night. She violated a traffic law by driving over the median and collided with another vehicle head-on, killing the driver of the other car.

Case 4 – On a winter night, the driver of a pick-up truck on C Street in Anchorage was going under the posted speed limit, but still too fast for icy conditions. This is a violation of the state's "basic speed" law, which prohibits driving faster than is safe under existing road and weather conditions. The driver lost control and crossed into the opposite lane, hitting another car, and killing Albert Taylor's son.

In all these cases, alcohol and drug tests were negative, and there was no reported erratic driving prior to the collisions. There was no evidence of mechanical causes for the collisions.

No criminal prosecutions were possible because the state could not prove that the driver acted recklessly or with criminal negligence.

#### Sectional Analysis

**Sections 1 and 4** provide for a mandatory court appearance for a driver who has violated a traffic law and the accident resulted in death. Section 4 requires a 2/3 vote because Section 1 indirectly amends a court rule.

**Section 2** provides for a mandatory court revocation of driving privileges for one year if the court finds that the driver's violation of a traffic law contributed to an accident that caused the death of another person. The court can, however, grant a limited license if the person's ability to earn a livelihood would be severely impaired.

**Section 3** defines "traffic law" according to the current definition that includes statutes, regulations and municipal ordinances that govern the driving or movement of motor vehicles.

**Section 5** makes the new law applicable to accidents occurring on or after the effective date set out in **Section 6** of September 1, 2001.

**Subject: Re: Conference Committee reports**

**Date:** Wed, 22 Aug 2001 15:48:53 -0800

**From:** Doug Letch <Doug\_Letch@legis.state.ak.us>

**To:** Louanne Christian <Louanne\_Christian@legis.state.ak.us>

Could we have one of each?

Doug

Louanne Christian wrote:

- > FY 02 Conference Committee Reports on the operating budget are being
- > printed and will be available through the print shop. Submit requests by
- > email to: [printshop@legis.state.ak.us](mailto:printshop@legis.state.ak.us) or call Harold at 465-3806. (They
- > can be sent to your interim offices).
- >
- > Be sure to indicate which reports you want and the number of copies
- > desired. Reports are available in the following forms:
- >
- > Summary of Appropriations
- > Election District Report (currently being printed)
- > Individual department (DOT is in the process of being printed; the rest
- > are available)
- >
- > Conference Committee reports include the Governor's Amended, House and
- > Senate versions and Conference Committee action on the FY02 operating
- > budget. A final enacted column indicates gubernatorial vetoes,
- > supplemental appropriations and revised program receipts. Receipts
- > supported services are listed as a fund code where they are used.
- >
- > Copies will also be available in the 5th floor copy room (across the
- > hall from Rep. Mulder's office, capitol room 507) later in the week and
- > during the first week of session.
- >
- > Thanks
- > Louanne Christian
- > House Finance Committee Secretary
- > X6814

---

Doug Letch <[doug\\_letch@legis.state.ak.us](mailto:doug_letch@legis.state.ak.us)>

Chief of Staff

Representative Gary Stevens,  
Alaska State Legislature

Dan Cornwall esd

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Tickets

Club

Groening Park

22-LS0850\O

Cook

4/23/01

*Adopted  
4/25/01*

CS FOR HOUSE BILL NO. 244( ) *no change*

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES JAMES, Dyson, Harris, Wilson, Scalzi

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to a grant of state land to the Denali Borough for a railroad and utility  
2 corridor and a railroad development project; repealing provisions relating to a grant of  
3 a right-of-way of land for a railroad and utility corridor to the Alaska Industrial  
4 Development and Export Authority; and providing for an effective date."

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

6 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
7 to read:

8 GRANT FOR RAILROAD AND UTILITY CORRIDOR. (a) The Department of  
9 Natural Resources shall grant to the Denali Borough state land for the purpose of supporting  
10 economic development in the borough by enabling Kantishna Holdings, Inc., and its  
11 successors and assigns in interest, to provide for a utility corridor and for the design,  
12 construction, development, operation, and maintenance of a railroad and facilities to support  
13 that development project.

14 (b) By September 1, 2002, the Denali Borough, in consultation with Kantishna

1 Holdings, Inc. and the Department of Natural Resources, shall identify a railroad and utility  
2 corridor not more than 300 feet in width that runs from near the community of Healy to the  
3 eastern boundary of Denali National Park and Preserve. The borough, in consultation with  
4 Kantishna Holdings, Inc. and the Department of Natural Resources, shall also identify  
5 ancillary land necessary to support the development and operation of a railroad and facilities  
6 to support economic development in conjunction with the railroad development project.  
7 Upon approval by the department of the land identified under this subsection, the borough  
8 shall survey the land and, by September 1, 2006, the department shall convey the land to the  
9 borough.

10 (c) The borough may receive not more than 3,500 acres of state land under this  
11 section. The grant to the borough may not impair valid property rights in the land.

12 (d) The amount of land transferred to the Denali Borough under this section shall be  
13 applied toward fulfillment of the borough's general land grant entitlement determined under  
14 AS 29.65.030. However, other provisions of AS 29.65 do not apply to the transfer.

15 \* Sec. 2. Sections 24(c) and 25, ch. 109, SLA 1998, are repealed.

16 \* Sec. 3. This Act takes effect July 1, 2001.

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 24, 2001

FURTHER REFERRALS:

Date of Committee Action: 4/25/01

The FINANCE Committee considered:

HB 244

HOUSE BILL NO. 244

RIGHT-OF-WAY TO DENALI BOR. FOR RR/UTIL.

"An Act relating to a grant of state land to the Denali Borough for a railroad and utility corridor and a railroad development project; repealing provisions relating to a grant of a right-of-way of land for a railroad and utility corridor to the Alaska Industrial Development and Export Authority; and providing for an effective date."

Recommends it be replaced with CS HB 244 (FIN)  Same Title  New Title  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

List of Abbrev. For Depts.:  
 ADM  
 CED  
 COR  
 CRT  
 EED  
 DEC  
 DFG  
 GOV  
 HSS  
 LAA  
 LAW  
 LWF  
 MVA  
 DNR  
 DPS  
 REV  
 DOT  
 UA

<u>NEW FISCAL NOTES</u>				
*For Chief Clerk's Office Use Only				
FN#	List by Dept(s):	Fiscal	Indet.	Zero
	DNR	✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN #	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Whitaker	✓			
	Harris	✓			
	CROFT	✓			
	Hudson	X			D
	FOSTER	X			
Chair:	William	✓			

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSHB244(FIN)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 04/26/2001 Dept. Affected: Natural Resources  
 Title: ROW to DENALI BOROUGH for RR/Utility BRU: Minerals, Land & Water Dev  
 Component: Land Sale/Muni Entitle

Sponsor: Rep. James  
 Requester: (H) RLS Component Number: 2456

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	11.5	2.5	2.5	2.5	33.3	
Travel	2.0	0.5	0.5	0.5	3.0	
Contractual	18.2				1.0	
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>31.7</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>37.3</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	31.7	3.0	3.0	3.0	37.3	
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>31.7</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>37.3</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: None

Check this box if funding for this bill is included in the Governor's FY2002 budget proposal: [ ]

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The CS requires DNR to assist the Denali Borough in identifying a railroad and utility corridor, and ancillary land, from Healy westward through the "Wolf Townships." The FY 2002 costs are to help prepare land status maps, including identification of valid existing rights, and to participate in corridor identification and analysis. DNR assumes that most of the work on the land transfer will occur in FY 2006 (the bill requires it to be completed by Sept. 2006, i.e. early FY 07). In FY 06, DNR will need to review and approve the survey, provide public notice, conduct final title review, and draft and issue deeds.

(Continued)

Prepared by: Bob Loeffler Phone 269-8600  
 Division: Mining, Land and Water Date/Time 26-Apr-01  
 Approved by: Pat Pourchol Date 26-Apr-01  
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

**ANALYSIS: (continued)**

Tasks FY 02:

- mapping to identify project area
- title research – determine state ownership
- identify third-party interests – current valid property rights
- participate in process to identify corridor and ancillary land

Personal Services (existing positions) – \$11.5

- NRO I – 1 month @ \$4.0/month = \$4.0
- NRO II – .5 month @ \$ 4.7/month = \$2.4
- NRM I – 1 month @ \$5.1/month = \$5.1
- Cartographer II – 4 months @ \$4.3/month = \$17.2 (contractual RSA to LRIS)

FY 03 - 05

- participate in process to identify corridor and ancillary land

Personal Services (existing positions) – \$2.5

- NRM I – .5 month @ \$5.1/month = \$2.5

Tasks FY 06

- Survey determinations and review of final surveys
- Title research update
- Draft conveyance documents

Personal Services (existing positions) – \$33.3

- Land Survey Assistant II – 2 months @ \$4.5/month = \$9.0
- NRO II – 3 months @ \$4.7/month = \$14.1
- NRM I – 2 months @ \$5.1/month = \$10.2

April 25, 2001

Testimony for House Finance Committee

RE: HB 244

Mr. Chairmen and Committee Members;

I appreciate the opportunity to speak. My name is Nancy Bale. I lived and worked in the Denali area from 1971-1996. My long residence in the Denali Borough, employment in tourism, and interest in Denali National Park are my reasons for testifying here. I am currently President of Denali Citizens Council.

I have previously voiced several concerns regarding HB 244 in testimony before House Transportation and House Resources. I write this without precise knowledge of the bill as amended. However, my concerns, I believe, will still be applicable.

1. HB 244 is about North Access into Denali National Park. While this bill only discusses the disposition of state lands outside the Park, the sponsor and Kantishna Holdings have both stated that there may in the future be a continuation all the way to Wonder Lake/Kantishna. I oppose utterly this concept. My opposition is based on nearly thirty years of experience in Park tourism and a working knowledge of what is valuable to the individual tourism about this Park.
2. The State of Alaska, through the Tanana Basin Area Plan, has failed to include the Wolf Townships in the lands from which Denali Borough could select entitlements. In fact, this Plan has recommended that these lands "be retained in public ownership for multiple use management. The emphasis is on managing recreation and maintaining fish and wildlife habitat." HB 244 supercedes the Area Planning process. Why?
3. Representative James, author of HB 244, states that she prefers rail and does not want a road built in this area. However, this bill provides no safeguards against the building of roads as a consequence of railroad construction and subsequent development. This land grant of 3500 acres (in violation of the Tanana Basin Plan recommendation) is accompanied by no covenants prohibiting the building of roads associated with "economic development in conjunction with RR development." Neither is there a guarantee of a best interest finding prior to conveyance. A student of the history of the United States knows that once a corridor is opened, development is inevitable. The Denali Borough has made no effort to steer the course of hotel and residential development on its lands. It is my position that the Borough has much to address right now regarding uncontrolled development along the Parks Highway Corridor. Let's do that first.
4. Why is Kantishna Holdings a preferred contractor in this bill? Has the Alaska Railroad been asked to weigh in with a bid? In the ten years that Kantishna Holdings has been attempting to secure funds and permission for this project, have they produced a sound business plan or prediction of revenues? How much money is being requested? In the past, Kantishna Holdings has stated that this construction

would be financed entirely privately. Now Kantishna Holdings is asking for public money. Where is the accountability?

5. Is this project feasible or cost effective? I refer to the North Access Feasibility Study of 1997 (see my testimony before House Transportation). Costs of building a railroad, obtaining permits, dealing with the EIS process, these are staggering. A more cost effective hotel development scheme along the Parks Highway would involve less potential resource damage, more control, and less expenditure of state money.
6. Please evaluate the Parks Highway Corridor for its role in the development of Denali tourism. The State of Alaska is at this time embarking on a study of this corridor. Let us step back and have a look at what already needs fixing and comprehensive planning, with public involvement, before we fund a private contractor with a giveaway of sensitive lands.

I appreciate the opportunity to speak. I hope that you will consider my testimony and review what I have already stated in the Transportation and Resources Committees. If you have any questions regarding references in this testimony, please contact me.

Sincerely,

Nancy Bale  
PO Box 240054  
Anchorage, AK 99524  
(907) 277-3825

House Finance Committee  
Juneau, AK

April 24, 2001

Dear Co-chairs Mulder and Williams and Finance Committee Members:

I have provided written testimony to both the House Transportation and Resources Committees on HB 244. I ask that you review that testimony in addition to the following comments given in opposition to this bill.

- Joe Fields, President of Kantishna Holdings, Inc., gained many backers for his proposed railroad project by lobbying that ZERO public funds would be needed; that all development would be paid for with private money. Although this made for good rhetoric and convinced many to buy into the idea, the reality of the matter is just beginning to be come to light as is evidenced by the bill's referral to the House Finance Committee.
- What financial obligations are the State and the Denali Borough being set up for? What do the legislators actually know about Kantishna Holdings, Inc., i.e., their level of competence to achieve such an ambitious project, their financial security, or their commitment to a project that falls far short of their expressed aspirations? What happens if this company folds or files bankruptcy in the meantime, and subsequently leaves behind a mess?
- For the expected cost of a northern access project [\$125 million or more], the federal government could pay for all the anticipated south side access improvements, and have money left over for essentially every park access project currently proposed in Alaska.
- Since 1981, Alaska has benefited from more than \$116 million in major construction projects in National Parks. About \$100 million of that was spent on transportation, visitor facilities and utilities. One might question what the state's investment has been in state parks by the Alaska Legislature as they work to expand the state's economic base. South Side Development of Denali has been studied and agreed to by a diverse group of interested parties including the State of Alaska. If the proposed objective is really to enhance resident and visitor satisfaction with their park experience, why has this project, which has been on the table since 1996, not been funded?
- North Access is based on speculation. Proponents speculate that the route will continue through the National Park to Kantishna and create a loop corridor, that demand will exist for year-round operation, that 350-900 permanent jobs will be created by this project, that concerns for environmental and social and cultural impacts to the area and its people are inconsequential, and that the proposed 40 mile rail route, which would provide minimal opportunity for mountain or wildlife viewing, will provide visitors with a satisfactory experience. The State Legislature and the people of Alaska deserve to be provided with the following information before a determination of this proposal can be justly assessed: the project's feasibility, a finding that a rail route located in this region is in the State's best interest, a determination of the socio-economic impacts to the people of the Borough and the State, a proof of funding ability by Kantishna Holdings, Inc., and an unequivocal demonstration of the need for north access.

Thank you for the time and the deliberation that you expend on this bill. I request that the Finance Committee **Vote DO NOT PASS** on HB 244.

Linda A. Paganelli  
Healy, Alaska 99743

DENALI BOROUGH, ALASKA

RESOLUTION NO. 93-02

A RESOLUTION ENDORSING THE CREATION OF A RAILROAD/UTILITY CORRIDOR FOR DENALI NATIONAL PARK ACCESS.

WHEREAS, Denali National Park is the top visitor destination in Alaska, and

WHEREAS, Denali National Park is a critical element in the Alaska Visitor Infrastructure throughout the State, and

WHEREAS, the current limits on access into Denali National Park restrict many visitors and residents from entering the Park that would like to, and

WHEREAS, lack of access to Denali creates a bottleneck in the visitor/tourism delivery system of Alaska, and

WHEREAS, no additional access to the interior of the Park is included in the South Denali Concept Plan now under consideration, and

WHEREAS, the National Park Service "Denali Task Force Report" released in 1992 did not provide for any immediate increase in the capacity on the current north entrance road, and

WHEREAS, the National Park Service "Denali Task Force Report" described the rail access concept as captivating, and

WHEREAS, Kantishna Group Inc. has proposed an environmentally sound, sensible, innovative, and unique tourism railroad between Healy and Kantishna to provide access to the growing numbers of Alaskan visitors, and

AND WHEREAS, the Denali Borough and the communities within it, will benefit from permanent jobs and other economic activity created by the building and operation of the Kantishna Group Inc.'s railroad;

NOW THEREFORE BE IT RESOLVED: that the Denali Borough Assembly and Mayor strongly supports the Kantishna Group Inc.'s plans to construct and operate a general purpose tourism railroad into Denali National Park.

FURTHER BE IT RESOLVED: that the Denali Borough Assembly and Mayor encourages the National Park Service at Denali National Park, the Regional and National levels, the State of Alaska, its Governor, Legislature and National Delegation, to give full support to the creation of a Railroad Utility Corridor as proposed by the Kantishna Group Inc. as an appropriate, environmentally sound and sensible means of access to the Park to better serve the people of the United States and the World.

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this 14th day of February, 1993.

ATTEST:



*[Handwritten Signature]*  
\_\_\_\_\_  
Mayor

*Kristina M. Graham*  
\_\_\_\_\_  
Borough Clerk

By: S. Sterling  
Amended: 6/4/96  
Adopted: 6/4/96

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 96-027 (AM)**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY IN SUPPORT OF THE CREATION OF A NORTHERN RAILROAD RIGHT-OF-WAY TO WONDER LAKE AND FOR THE BUILDING OF THE DENALI RAILWAY SYSTEM TO SERVICE DENALI NATIONAL PARK.

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WHEREAS, Denali National Park (Denali) is the top visitor destination in Alaska and a critical element in the Alaska visitor/tourism industry and access into Denali is extremely restricted due to the limited existing transportation infrastructure; and,

WHEREAS, the existing park road is at its carrying capacity and is creating adverse impacts on the wildlife and the environment, management problems for the National Park Service, a bottleneck in the visitor/tourism delivery system of Alaska, and access problems for park inholders; and,

WHEREAS, no new road access into the interior of Denali is being proposed by the state or federal government; and,

WHEREAS, the National Park System Advisory Board's December 14, 1995, resolution accepting the "Denali Task Force

Report" specifically endorsed the creation of a new northern railroad route to Wonder Lake; and,

WHEREAS, Kantishna Holdings, Inc., has petitioned the Secretary of the Interior to create a new northern railroad right-of-way to the area of Wonder Lake and proposed to build the Denali Railway System to ensure long-term resource protection at Denali, as well as, to provide efficient year-round access to the interior of the park for inholders and the NPS; and,

WHEREAS, the visitor/tourism industry of the entire state of Alaska will be enhanced by the year-round operation of the Denali Railway System and all of Alaska's "Railbelt," including the community served by the Matanuska-Susitna Borough will benefit from the permanent jobs and other economic activities created by the construction and operation of the Denali Railway System; and,

WHEREAS, the proposed Denali Railway System is an environmentally sound and sensible undertaking that will commit substantial private capital investment in permanent infrastructure in Alaska's railbelt region and the creation of over 500 new jobs in Alaska's economy; and,

WHEREAS, the Denali Railway System will not compete with the proposed Denali southside development plan; and,

WHEREAS, the Denali Railway System will not compete with the proposed Denali southside development plan; and,

Page 2 of 4  
calk/pjt/codedocs/96-0.res

MSB Resolution Serial No. 96-027(AM)  
AM No. 96-118

WHEREAS, the Alaska Legislature, the Denali Borough, the Fairbanks North Star Borough, the City of Nenana, the City of Seward, the Alaska State Commission on Federal Areas, the Alaska Visitors Association, the Fairbanks Building & Construction Trades Council AFL-CIO, the Associated General Contractors of Alaska, and many other organizations and individuals have endorsed a new northern railroad right-of-way or the Denali Railway system.

NOW, THEREFORE, BE IT RESOLVED, the Matanuska-Susitna Borough strongly endorses the creation of a new northern railroad right-of-way to Wonder Lake and Kantishna Holdings, Inc's. proposal to construct and operate the Denali Railway System within Denali National Park and Preserve, with appropriate development of rail-based visitor facilities within the Matanuska-Susitna Borough.

BE IT FURTHER RESOLVED, the Matanuska-Susitna Borough encourages the Secretary of the Interior to direct the National Park Service to create a railroad right-of-way to Wonder Lake immediately for the development of the Denali Railway System. The Matanuska-Susitna Borough strongly encourages the Governor of the State of Alaska, his commissioners, and the Alaska Legislature to

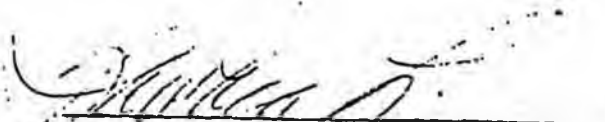
State of Alaska, his commissioners, and the Alaska Legislature to give their fullest support to the creation of the Denali Railway System.

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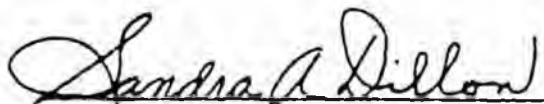
Page 3 of 4  
calk/pjt/codedocs/96-0.res

MSB Resolution Serial No. 96-027(AM)  
AM No. 96-118

ADOPTED by the Matanuska-Susitna Borough Assembly this 4th,  
day of June, 1996.

  
BARBARA LACHER, Borough Mayor

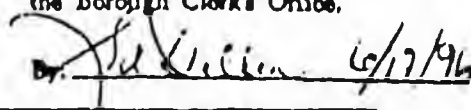
ATTEST:

  
SANDRA A. DILLON, Borough Clerk

(SEAL)

MATANUSKA-SUSITNA BOROUGH

THIS IS TO CERTIFY that this is an  
exact duplicate of the record on file in  
the Borough Clerk's Office.



By: Mayor Jim Sampson  
Paul Chizmar  
Hank Hove  
Bob Logan  
Layne St. John  
Cheryl Kilgore  
Hank Bartos  
Ladd McBride  
Lamy Hackenmiller  
Dan LaSota

Introduced: 04/11/96  
Adopted: 04/11/96

**RESOLUTION NO. 96-035**

**A RESOLUTION SUPPORTING KANTISHNA HOLDINGS INC.'S  
PROPOSAL FOR THE CREATION OF A NORTHERN RAILROAD RIGHT-OF-WAY  
TO WONDER LAKE AND FOR THE BUILDING OF THE DENALI RAILWAY  
SYSTEM TO SERVICE DENALI NATIONAL PARK**

WHEREAS, Denali National Park (Denali) is the top visitor destination in Alaska and a critical element in the Alaska visitor/tourism industry and access into Denali is extremely restricted due to the limited existing transportation infrastructure; and

WHEREAS, the existing park road in Denali is at its carrying capacity and is creating adverse impacts on the environment, management problems for the National Park Service, a bottleneck in the visitor/tourism delivery system of Alaska, and access problems for park inholders; and

WHEREAS, no new road access to the interior of Denali is being proposed by the state or federal governments; and

WHEREAS, the National Park System Advisory Board's December 14, 1994, resolution accepting the "Denali Task Force Report" specifically endorsed the creation of a new northern railroad route to Wonder Lake; and

WHEREAS, Kantishna Holdings Inc. has proposed the Denali Railway System to ensure long term resource protection at Denali and to provide year-round access to the interior of Denali; and

WHEREAS, Kantishna Holdings Inc. has petitioned the Secretary of the Interior to create a new northern railroad right-of-way to the area of Wonder Lake on which to build the Denali Railway System; and

WHEREAS, the proposed Denali Railway System is an environmentally sound and sensible undertaking which will commit substantial private financial investment in permanent infrastructure in Alaska and the creation of hundreds of new jobs in Alaska's economy; and

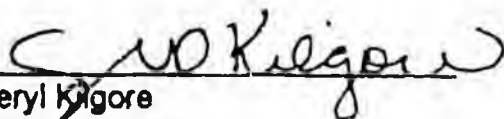
WHEREAS, the visitor/tourism industry of the entire state of Alaska will be enhanced by the year-round operation of new infrastructure created by the Denali Railway System; and

WHEREAS, all of Alaska's "Railbelt," including the community served by the Fairbanks North Star Borough, will benefit from the permanent jobs and other economic activity created by the construction and operation of the Denali Railway System; and

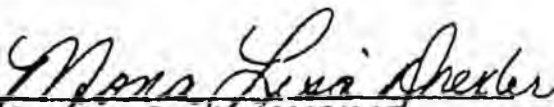
NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly and the Borough Mayor endorse the creation of a new northern railroad right-of-way to Wonder Lake and to construct and operate the Denali Railway System within Denali National Park and Preserve.

BE IT FURTHER RESOLVED that the Fairbanks North Star Borough encourages the Secretary of the Interior to request the National Park Service to act upon the proposal of Kantishna Holding Inc. and create the railroad right-of-way; and that the Fairbanks North Star Borough also encourages the Governor of the State of Alaska and the Alaska Legislature to give their fullest support to the creation of the Denali Railway System.

PASSED AND APPROVED THIS 11TH DAY OF APRIL, 1996.

  
Cheryl Kilgore  
Presiding Officer

ATTEST:

  
Mona Lisa Drextler, CMC/AAE  
Municipal Borough Clerk

Ayes: Bartos, Logan, LaSota, St. John, Hove, McBride, Hackenmiller, Chizmar  
and Kilgore  
Noes: None

# STATE OF ALASKA THE LEGISLATURE

1994

Source  
HJR 28

Legislative  
Resolve No.  
19



Supporting increased access near Mt. McKinley through establishment of a visitor activity area at Kantishna.

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**BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

**WHEREAS** the Alaska tourism industry recognizes Denali National Park as Alaska's premier visitor attraction because of the majestic view of Mt. McKinley, the opportunity to enjoy a wilderness experience, the chance to encounter wildlife in its natural habitat, and the relative solitude of the area; and

**WHEREAS** enhancing the Mt. McKinley experience for visitors would enhance the tourist industry statewide through tourist satisfaction and expanded seasons; and

**WHEREAS** insufficient access to premier viewing areas and lack of facilities at these areas are major obstacles to enhancing the wilderness experience; and

**WHEREAS** the state is uniquely able to obtain rights-of-way into Kantishna through leases, land exchanges, assertion of rights under RS 2477, application for transportation utility corridors under Title XI of the Alaska National Interest Lands Conservation Act (ANILCA), and other legal claims to rights-of-way, and can monitor negotiations that would allow private sector development to occur; and

**WHEREAS** the Kantishna area, with its dry interior climate and long daylight hours, offers splendid viewing opportunities and a high potential to promote both summer and winter activities; and

**WHEREAS** access to Kantishna would provide the Alaska private sector with the opportunity to meet the increased demand for tourism facilities while taking advantage of a historical transportation route and restricting potentially deleterious environmental effects to areas historically used by the mining industry; and

**WHEREAS** it is necessary to design and construct these facilities and transportation systems so that they have the least possible negative effect on the environment, the area's wildlife, and the state's fiscal resources;

**BE IT RESOLVED** that the Alaska State Legislature respectfully urges the Governor and the executive branch to be aggressive in their resolve to enhance the Mt. McKinley experience for our visitors by developing new environmentally sound access routes into Kantishna and a Kantishna visitor activity area; and be it

**FURTHER RESOLVED** that appropriate state agencies should work with the National Park Service and interested members of the public and private sectors to thoroughly investigate the potential of establishing a rail utility corridor into Kantishna in which the private sector could construct and operate a transportation system and other facilities that would serve the public needs; and be it

**FURTHER RESOLVED** that the Alaska State Legislature strongly supports the efforts of the Governor of Alaska, the Alaska delegation to the U.S. Congress, and the President of the United States in pursuit of the necessary studies, land acquisition processes, and other necessary permits that would allow new environmentally sound routes into Kantishna and a Kantishna visitor activity area.


**COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Robert C. Byrd, president Pro Tempore of the U.S. Senate; the Honorable Thomas S. Foley, Speaker of the U.S. House of Representatives; Roger Kennedy, Director of the National Park Service; Jack Morhead, Regional Director for Alaska, National Park Service; and to the Honorable Ted Stevens and the Honorable Frank

Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

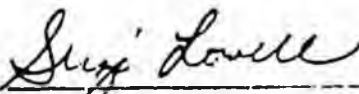
# AUTHENTICATION

The following officers of the Legislature certify that the attached enrolled resolution, HJR 28, consisting of 3 pages, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

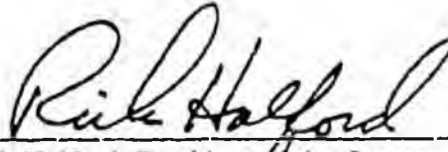
Passed by the House March 12, 1993

  
\_\_\_\_\_  
Ramona L. Barnes, Speaker of the House

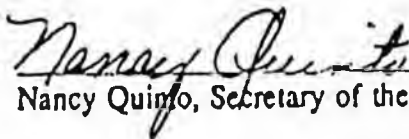
ATTEST:

  
\_\_\_\_\_  
Suzi Lowell, Chief Clerk of the House

Passed by the Senate January 20, 1994

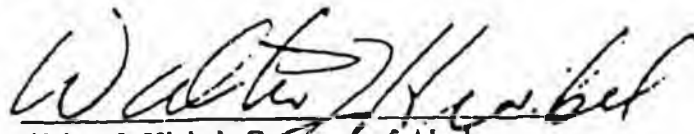
  
\_\_\_\_\_  
Rick Halford, President of the Senate

ATTEST:

  
\_\_\_\_\_  
Nancy Quino, Secretary of the Senate

## ACTION BY GOVERNOR

Approved by the Governor 2-8 1994

  
\_\_\_\_\_  
Walter J. Hickel, Governor of Alaska

**Subject: HB 244**

**Date: Wed, 25 Apr 2001 11:27:26 -0800**

**From: "The Brauns" <sueb@usibelli.com>**

Ladies and Gentlemen of the finance committee.

I am vehemently opposed to House Bill 244. This bill has very little to do with a railroad. It is only a vehicle for Denali Borough to bypass state government, and acquire real estate that has previously been denied them. This railroad will likely not get built for economic and political reasons, but the Borough Assembly will still get land in the wolf townships that they have coveted for many years. I am an observer of Denali Borough politics, and sit on the personnel committee. The Borough assembly has been dominated by those who opposed its formation. Local government is very much a closed system, that has ignored state mandates and even ignored the votes of residents. Assemblymen that have been rejected by the voters are routinely reappointed to assembly seats to fill vacancies as they occur. Comments by assembly members made on the record show contempt for our state government and its statutes.

You should ask yourselves why, if this land is to be part of the borough entitlement, why it is being handled differently from other entitlements. My answer is that they are trying to pull a fast one. We were only given a first draft of hb244 at the Borough Assembly Meeting April 7. Since then this bill has moved at an accelerating pace. Before I went to work last evening at 5pm I tried to find out when this meeting would be held, by calling both the co-chairs office and legislative affairs people and checking the legislative website. I was only able to get the information at Four AM this morning when I got off work. The spirit of the 24 hour rule has been violated.

Proponents of this bill say that only those who live in the area are opposed. This is not only wrong but insulting. The State of Alaska itself has kept development out of these townships for decades. There have been no public hearings on the matter; Representative James has said that she will meet with the public in the summer to reassure us - after it is all done. I would ask you to remember your own response when the Federal Government imposes its will on the State of Alaska.

The statement that those who are opposed to this bill are those who oppose all development is dishonest. I believe that Alaskans do not want their state land subordinated to the national park system; those who have the federal government and Denali National Park as their main frame of reference need a different perspective.

It is not clear that developing the wolf townships is even in the best economic interests of the state. Many residents and tourists have no interest in the national park experience. I am sure that many more people visit the Wolf Townships than are turned away by the parks bus system.

Please give careful consideration to all testimony on this bill. This is an important fork in the road and it deserves more detailed study than this very speedy process has allowed. I believe that those who stand to profit financially from the passage of this bill want it passed without much thought.

Sincerely  
David Braun  
Panguingue Subdivision  
box 222 Healy  
683-2654

CM DC WAIT C, DNR, C,  
Mining and Water

HB 244 Grant of state land to Denali Borough for railroad and utility corridor  
April 25 2001

Mr. Chairman ....

This bill requires DNR to transfer up to 3,500 acres of state land to the Denali Borough for a future railroad towards Kantishna. In order to reach Kantishna, the railroad will need to continue west across National Park lands. The Borough and the private Kantishna Holdings Inc. would work to identify and survey a railroad route across this land.

The CS takes care of many of DNR's concerns regarding the original bill, and is a more efficient approach than the original bill. In particular, we support that this acreage be charged against the Borough's existing municipal land entitlement.

DNR does still have two comments regarding the CS.

First, DNR believes that a lot more effort is needed to determine the best access route into the North Side of Denali National Park, and a railroad in this corridor may or may not be the best approach. DNR is aware of two other planning efforts that this railroad project needs to be coordinated with. The state DOT is slated to receive \$1.5 million in federal funding for an Environmental Assessment of North Side access, this effort is the subject of an appropriation for the state matching funds, which is contained in Senate Bill 3.

In addition, the National Park Service has invited the state to participate in a study of North side access issues and alternatives. Because much of the route of this railroad will need to cross NPS land, the railroad can't be built without NPS concurrence. DNR believes that is essential to work with the National Park service to achieve an agreed upon access plan for Denali National Park. No unilateral state or borough effort can achieve access into the park, unless the National Park Service is a participant in the process.

Our second concern regards what rights the bill grants to Kantishna Holdings, Inc. Once the corridor is identified, the implication is that Kantishna Holdings, Inc., would have the exclusive right to build a railroad in the corridor. We believe that the land should be conveyed to the Borough so that other uses or developers could make use of the land as well, not only for the purpose of enabling Kantishna Holdings, Inc. to develop a railroad and related facilities, as stated in Section 1(a).

DNR has submitted a Fiscal Note as we will need to provide land status information, identify valid existing rights, and participate in the corridor selection process. In FY 2006, we have included costs associated with the actual land transfer.

Thank you for the opportunity to testify on this bill.

# DENALI BOROUGH

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P. O. Box 480 • Healy, Alaska 99743  
Phone (907) 683-1330 • Fax (907) 683-1340  
dbgovt@mtaonline.net  
www.homestead.com\akdenali\borough.html



April 12, 2001

Representative Jeannette James  
State Capitol Building  
Juneau, AK 99801

*John C. Gonzales, Mayor*  
(907) 582-2346

Re: HB-244

Dear Representative James:

Thank you for the introduction of House Bill 244. I feel this bill has been a long time coming.

As you know, the Denali Borough Assembly adopted a resolution in 1993 endorsing a railroad/utility corridor for a northern Denali National Park access. Approximately one half million visitors come to the Park, and of this number only about 2% are able to go all the way to Wonder Lake. It's a shame that only this small number of visitors are permitted entrance to Wonder Lake.

We Alaskans should be proud to be able to share the wonders of not only the Mountain itself, but also the wildlife and beautiful scenery with those who wish to participate. This bill allows more visitors to share in the "Denali experience". I wish to remind you that Denali National Park is a critical element in the Alaska visitor industry throughout the State.

Kuntishna Holdings has proposed an environmentally sound, sensible, innovative, and unique tourism railroad between Healy and Wonder Lake to provide access to the growing number of Alaskan visitors.

On April 8, 2001 the Denali Borough Assembly voted unanimously in support of your bill and stated they urge you to make this bill a reality.

Representative James, let me assure you that I have complete confidence that the Denali Borough government is more than capable of administering the intent of this bill. We are not only capable, but we welcome the challenge.

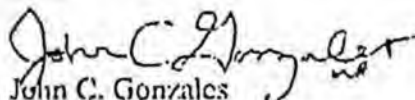
The Legislature by law has required local government to share in supporting its citizens.

Through this law the Borough must find ways to create revenue. In order to create revenue, we must have economic development and employment.

With your bill, the Denali Borough government and its citizens can continue to work toward self-sufficiency.

Please feel free to contact me if you have any questions. The Denali Borough Assembly, Staff and myself are at your service.

Sincerely,



John C. Gonzales  
Mayor