

SB

31

SENATOR
JOHN J. COWDERY
Anchorage

Committees
Chair: Rules
Chair: Transportation
Chair: World Trade &
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Legislative Council
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Alaska State Legislature

Senate

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SPONSOR STATEMENT FOR SB 31

"An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and for the extension of the Alaska Railroad to connect with the North American Railroad system."

Growing Alaska's economy and ending a history of boom-and-bust cycles depends on improving our state's transportation infrastructure. The purpose of SB 31 is to advance the inclusion of Alaska in the contiguous North American rail system.

Without appropriating funds, SB 31 authorizes the railroad to designate a 500-foot-wide transportation corridor from its current northern terminus near Eielson to the Canadian Border. Once the project is completed, the state will convey a 200-foot corridor to the railroad and DNR will continue to manage the remaining 300 feet within the larger corridor. While the railroad will receive fee simple title to the 200-foot corridor, DNR will reserve oil and gas mineral rights, the right to get people and commerce across the railroad, and the right to authorize a gas pipeline.

This legislation SB 31 also authorizes the railroad to investigate further extension in order to make a connection with the North American rail system, logically in British Columbia.

Completing this last transcontinental railroad will benefit the mining, agriculture, tourism, food processing and oil and gas sectors of Alaska's economy. For example, the corridor between Eielson AFB and the border with Canada bisects a proven range of rich mineral potential, including the Pogo Project near Delta Junction.

SB 31 allows the Alaska Railroad to use funds it can obtain – such as from federal appropriations or sale of bonds – to survey and obtain a right of way to the Canadian border.

As world trade grows, this rail connection can only increase Alaska's economic ties with the rest of the nation and North America as a whole.

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John J. Cowdery
Senate Rules, Chair
Senate Transportation Committee, Chair
World Trade State & Federal Relations, Chair
State Affairs, Legislative Council

SECTIONAL ANALYSIS OF CSSB 31 (RES) :
(version 23-LS0336\U)

Section 1 revises the Alaska Railroad Corporation Act, adding two new sections. The first is AS 42.40.460, addressing the extension of the Alaska Railroad to Canada.

The second is AS 42.40.465, which authorizes the ARRC to investigate a rail connection between the Canadian border and North American rail system.

The first section is organized into 11 subsections.

- **Section 1(a)** broadly authorizes ARRC to designate a 500-foot-wide transportation corridor from its current northern terminus at Eielson AFB to the Canadian border and to identify rail land for associated uses. The ARRC is directed to prepare a legal description of these lands.
- **Section 1(b)** lists factors the ARRC must consider when determining the route of the transportation corridor and requires the corporation to consult with interested parties such as gas pipeline proponents.

- **Section 1(c):** Once the ARRC identifies the transportation corridor or rail land, the following steps are mandated by this section:
 1. DNR must consult with ARRC and interested parties to make sure the route minimizes potential adverse effects on a gas pipeline location and operation.
 2. The bill retains DNR as the interim manager with procedural safeguards to protect the future railroad use of the corridor.
 3. Specifically, the land will be reserved by DNR, subject to valid existing rights, and managed by DNR under consultation with ARRC, so as to allow other uses but not obstruct the future railroad or other transportation uses.
 4. DNR and ARRC will begin to identify potential crossing locations.
 5. DNR will retain any revenues arising from use of the land.

- **Section 1(d)** establishes the steps that will occur once ARRC has identified funding and is ready to actually begin construction on a part of the designated corridor. DNR transfers management authority for that segment of the corridor to ARRC, again subject to valid existing rights and retaining the right to authorize and manage a gas pipeline in the corridor. ARRC will from that time forward receive any revenues associated with that land except any derived from a gas pipeline. DNR will also retain the ability to identify and reserve the right to establish future crossings subject to section (g) of the bill.

- **Section 1(e):** Establishes the steps that will occur once ARRC completes construction of a segment of the rail line. ARRC will provide a survey of a 200-foot corridor, 100 feet on each side of the as-built centerline of track. DNR will use that survey to convey the state's entire interest in that land to ARRC, subject again to valid existing rights and reserving (i) the right to establish future crossings, (ii) the oil and gas and other mineral rights required to be reserved in all state land conveyances under AS 38.05.125, and (iii) the right to authorize a gas pipeline and retain associated revenues. ARRC will pay DNR's administrative costs in making the conveyance. DNR will continue to manage the remaining 300 feet within the original 500-foot reserved corridor as a transportation corridor until no longer needed as such. DNR will also continue to manage any remaining 500-foot corridor (in which ARRC has not begun construction) as a transportation corridor under this section.

- **Section 1(f):** This section recognizes the possibility that a natural gas pipeline may be proposed for construction before the railroad extension reaches that level of certainty. The philosophy of the section is that a potential railroad should not be an impediment to a gasline proposed for construction. DNR is required to consult with the corporation before authorizing a gas pipeline across the transportation corridor or associated rail lands. If a railroad improvement has not already been constructed, DNR is authorized to adjust the location of the transportation corridor to accommodate a proposed gas pipeline if it finds this to be in the best interest of the state.
- **Section 1(g):** This section balances the ARRC's needs for a safe, efficient, route unhampered by numerous crossings against the need for development of nearby resources and public access across the route. There are existing rights in this area that will be potential crossings, depending on the final rail alignment, and more are likely to be granted by DNR both before and after railroad construction. Both the state and ARRC are protected against liability arising from public uses except to the extent arising from the gross negligence of either of them. DNR, as the agency with a mission to protect public access to public resources, will reserve the right to authorize specific crossings, but only with the concurrence of ARRC that any particular crossing is consistent with safety standards and minimizes its impact on railroad operating efficiency. If DNR authorizes a crossing, it will indemnify ARRC for related liability on that crossing under AS 42.40.420(1)-(3), which applies to public uses of ARRC land in general, however excepting liability arising from ARRC's gross negligence
- **Section 1(h):** addresses other related activities ARRC must or may undertake as part of the rail extension. Where any portion of the designated route crosses private land, the corporation can consider whether to exercise its statutory power of eminent domain. Where any portion of the designated route crosses federal land, the corporation must work with federal officials to reclassify and withdraw the land for this purpose. Finally, before federal land is acquired or federal funds are spent, the corporation has to comply with federal law requirements for an EIS.
- **Section 1(i):** Relieves the process of delineating, reserving and conveying the lands affected by this section from the requirements of being classified and reclassified under DNR's governing statutes.

- **Section 1(j):** Directs DNR to retain any land previously identified and classified for use as a utility corridor and railroad right-of-way under AS 19.05.122 and manage them as if designated under this section until ARRC notifies DNR those lands are not needed for this transportation corridor.
- **Section 1(k):** Allows ARRC to enter into contracts with all manner of entities to perform the work authorized under this section.

New AS 42.40.465 authorizes ARRC to investigate a rail connection between the Canadian border and the North American railroad system, including the possibility of acquiring land in Canada for supporting this purpose. It also directs ARRC to consider the same factors that are listed under Sec. 1(b) above as it conducts this investigation.

Section 2: Repeals former AS 19.05.122, which was originally enacted in 1977 and amended in 1981 and 1999 to authorize the Department of Transportation and Public Facilities to delineate a proposed utility corridor (including a railroad right-of-way) to Canada.

4/28/2004 5:25 PM

Prepared by the Alaska Railroad

Questions and Issues Explained

Subject: SB 31 establishing a transportation corridor to Canada

Summary statement: *Under SB 31 (RES), the Department of Natural Resources (DNR) will not convey all rights. It will reserve oil and gas mineral rights, the right to get people and commerce across the railroad, and the right to authorize a gas pipeline. DNR will have to consult with the Alaska Railroad Corporation (ARRC) on access issues to ensure applicable safety standards are met.*

Gas Pipeline Application: If the Railroad and gas pipeline are placed in the same corridor, which project is predominant? How will tariffs and crossing issues be handled?

The gas pipeline project takes first priority. SB 31 (RES) would require ARRC to coordinate with potential gas line developers to ensure optimal location for a pipeline. DNR will reserve the right to authorize the gas pipeline. DNR will also retain all tariffs and lease revenues related to the gas pipeline. The decision to cross the railroad right-of-way would be up to DNR but the crossing would have to comply with federal and other applicable safety standards. The crossing would have to maintain the integrity of the railroad and the crossing cost would have to be borne by the pipeline developers.

Surface vs subsurface rights: Would the Railroad receive subsurface rights to resources under SB 31 (RES)?

Under SB 31 (RES) ARRC would not receive subsurface rights other than sand and gravel. ARRC would receive these rights only to a 200-foot right-of-way within the larger 500-foot corridor. ARRC would also receive surface rights to additional rail lands needed to accommodate such needs as maintenance, yards, transfer facilities, crew housing etc.

Easement vs. Fee Simple Title: Why does ARRC need fee simple title to the land?

ARRC believes fee simple title to the lands it will receive is necessary for the following reasons:

Safety/Control: Railroad exclusivity enhances safety to the required federal limits. Control of the land gives the Railroad the ability to properly establish crossings to account for safety, to protect interstate commerce, and to reduce risk. All these factors contribute to increased transit time.

Revenue: Land revenue has been the key to the success of the Alaska Railroad. The revenue from real estate allows the Railroad to augment revenues from operations so the ARRC can support its operation and maintenance bills without having to seek state subsidies.

4/28/2004 5:25 PM

Prepared by the Alaska Railroad

When would DNR transfer the land to ARRC? The concern was "What if the state prematurely transfers land to the railroad and the project is never built?"

The DNR would not convey any land to ARRC until an as-built survey of the centerline and 200-foot right-of-way (100 feet on either side of centerline) is provided to the Department. DNR would continue to manage the remaining 300 feet as a transportation corridor until and unless the Department determines it is no longer needed for that purpose.

Protecting Access for Alaskans:

Even though SB 31 (RES) would give ARRC fee simple title to the land, the DNR protects valid existing rights and maintains authority to identify future potential crossings.

How wide should the corridor be?

How close can you place a gas pipeline to a railroad? Is a 500-foot corridor too narrow to accommodate both projects? The Railroad currently has a 200-foot right-of-way and believes this is a sufficient width to protect its safety and commerce considerations. The width for the larger corridor should be decided in consultation with gas pipeline and other project developers and could, if necessary, be added later.

How do we minimize the impact a 500-foot corridor could have on a community?

SB 31 (RES) gives ARRC the ability to delineate a 500-foot wide transportation corridor UNLESS topographic obstacles, land and community ownership patterns prevent that width.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 31
 (S) Publish Date: 3/31/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Railroad Utility Corridor to & in Canada BRU Alaska Railroad Corporation
 Component _____
 Sponsor Senator Cowdery
 Requester Senate Transportation Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see Analysis Continuation.

Prepared by: Wendy Lindskoog, Director of External Affairs Phone 907-265-2498
 Division Alaska Railroad Corporation Date/Time 2/7/03 10:20 AM
 Approved by: Edgar Blatchford, Commissioner Date 2/7/2003
 Agency Department of Community & Economic Development

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. SB 31

ANALYSIS CONTINUATION

The Alaska Railroad Corporation (ARRC) is a public corporation supported by revenues generated through freight, passenger and real estate services. ARRC does not receive state subsidies for operations or capital improvements, but does receive federal grants used primarily for capital projects. At this point, ARRC matches all federal grant appropriations with its internal funds. Should this be the case regarding federal funding appropriated for corridor delineation to the Canadian border and beyond, there will not be a fiscal impact to the State's general fund. There would be a fiscal impact if the State helps ARRC match federal dollars. There have been previous estimates that it would take approximately \$5 million to delineate and survey the corridor from the Alaska Railroad near Fairbanks to the Canadian border.

Additionally, this bill would allow ARRC to investigate extending from the Alaskan border to connect to the North American rail system. At this time, ARRC has not estimated the cost to determine the route and conduct surveys for this corridor section. This bill would also allow ARRC to acquire the right of way in this corridor. We assume that State land would be acquired at no cost to ARRC. Military land could be transferred through working with the state's congressional delegation. However, Native lands would require purchase or granting of easements; at this juncture, we do not have any estimates for such associated costs.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 31(RES)
 (S) Publish Date: 4/22/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT
 Title: Transportation Corridor BRU: Administration and Support
 Component: Commissioners Office
 Sponsor: Cowdery, Wilken
 Requester: _____ Component No.: 530

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: John MacKinnon Phone 465-3900
 Division: _____ Date/Time 1/28/04 4:59 PM
 Approved by: John MacKinnon Date 1/28/2004
 Agency: Deputy Commissioner

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSSB 31(RES)
 (S) Publish Date: 4/22/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Railroad Utility Corridor to & in Canada RDU Alaska Railroad Corporation
 Component _____
 Sponsor Senator Cowdery
 Requester Senate Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see Analysis Continuation.

Prepared by: Wendy Lindskoog, Director of External Affairs Phone (907) 265-2498
 Division: Alaska Railroad Corporation Date/Time 1/27/04 2:33 PM
 Approved by: Edgar Blatchford, Commissioner Date 1/27/2004
 Agency: Department of Community & Economic Development

FISCAL NOTE #3

**STATE OF ALASKA
2004 LEGISLATIVE SESSION**

BILL NO. CSSB 31(RES)

ANALYSIS CONTINUATION

The Alaska Railroad Corporation (ARRC) is a public corporation supported by revenues generated through freight, passenger and real estate services. ARRC does not receive state subsidies for operations or capital improvements, but does receive federal grants used primarily for capital projects. At this point, ARRC matches all federal grant appropriations with its internal funds. Should this be the case regarding federal funding appropriated for corridor delineation to the Canadian border and beyond, there will not be a fiscal impact to the State's general fund. There would be a fiscal impact if the State helps ARRC match federal dollars. There have been previous estimates that it would take approximately \$5 million to delineate and survey the corridor from the Alaska Railroad near Fairbanks to the Canadian border.

Additionally, this bill would allow ARRC to investigate extending from the Alaskan border to connect to the North American rail system. At this time, ARRC has not estimated the cost to determine the route and conduct surveys for this corridor section. This bill would also allow ARRC to acquire the right of way in this corridor. We assume that State land would be acquired at no cost to ARRC. Military land could be transferred through working with the state's congressional delegation. However, Native lands would require purchase or granting of easements; at this juncture, we do not have any estimates for such associated costs.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: CSSB 31(RES)
 (S) Publish Date: 4/22/04

Revision Date/Time: 1/23/04 Dept. Affected: Natural Resources
 Title Rail/Utility Corridor to and in Canada RDU Resource Development
 Component Land Sales and Muni Ent.
 Sponsor Cowdery
 Requester (S) FIN Component No. 2456

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This bill authorizes ARR to designate a 500-foot wide transportation corridor from its current northern terminus a Eielson AFB to the Canadian border and to identify rail lands for associated uses. Once the ARR has identified funding and is ready to actually begin construction on part of the designated corridor, DNR is to transfer management authority for a 200 foot wide RR corridor within that segment of the transportation corridor to ARR. Once the railroad has been constructed the bill requires DNR to convey ownership of the 200 foot wide RR corridor and associated rail lands to the ARR. This would total an estimated 7,500 acres of state land for a corridor approximately 268 miles in length.

Prepared by: Bob Loeffler Phone 269-8600
 Division Mining, Land and Water Date/Time 1/23/04 3:45 PM
 Approved by: Thomas Irwin, Commissioner Date 1/23/04
 Agency Natural Resources

FISCAL NOTE #4

**STATE OF ALASKA
2004 LEGISLATIVE SESSION**

BILL NO. CSSB 31(RES)

ANALYSIS CONTINUATION

ANALYSIS: (continued)

DNR anticipates a zero fiscal impact to the department as a result of this bill. The bill provides that the ARR will pay for the survey of the railroad and reimburse the department for any reasonable administrative costs associated with the conveyance of the 200 foot RR corridor to the ARR.

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Murkowski: Time to extend railroad is now

RESOURCES: Alaska governor meets with Canadians on projects.

The Associated Press

(Published: January 17, 2004)

JUNEAU -- Gov. Frank Murkowski told a railroad conference that construction of a natural gas pipeline could help spur an extension of the Alaska Railroad to the Lower 48.

"It's an extraordinary opportunity for both our governments," Murkowski told assembled officials from the United States and Canada. "It's a rare opportunity to do things right."

Murkowski was one of the keynote speakers at Thursday's "Connecting Resources, Building for the Future" conference on a railroad extension.

Murkowski said construction of a gas pipeline running down the Alaska Highway would present the perfect opening for an extension of the Alaska Railroad, according to the Fairbanks Daily News-Miner.

The line currently ends at Eielson Air Force Base near Fairbanks.

But it could be extended to the continental rail system in British Columbia, about 1,100 miles away.

Though there is no gas pipeline in the works, Murkowski is optimistic that market forces and legislation will lead to a pipeline project being announced in the near future.

Murkowski and other speakers called the railroad extension a way to provide access and transportation support for oil and gas, mining, tourism and other industries. The corridor also could include fiber optic and electric lines.

"What we're talking about is providing access to the northwest region in a way that's never been there before," Alaska Railroad president Pat Gamble said.

Alaska could get a head start on the railroad extension if the state's congressional delegation comes up with the \$300 million or so to extend the railroad about 70 miles to the Fort Greely area for military purposes. Former North Pole Rep. Jeannette James, who now serves as a railroad adviser for Murkowski, said Sen. Ted Stevens, R-Alaska, supports the extension to provide support for the U.S. Army's new Stryker brigade.

But Murkowski wasn't optimistic that money might be coming this year.



Gov. Frank Murkowski, right, and Yukon Premier Dennis Fentie discussed a proposed Alaska-Canada transportation corridor and the development of an Alaska-Canada rail connection during a one-day summit on the issue Thursday in Juneau. *(Photo by Al Grillo / The Associated Press)*

[Click on photo to enlarge](#)

James said the project could cost about \$3 billion.

Murkowski noted that with Rep. Don Young, R-Alaska, as head of the House Transportation Committee, it is more likely that federal legislation could be crafted to finance the project.

Murkowski argued the time to act is now, before Young's chairmanship ends.

The biggest holdup for a rail link right now, speakers said, is in Ottawa. Back when he was a senator, Murkowski sponsored a bill to establish a joint U.S.-Canadian commission to study a rail line. The bill was passed and \$6 million appropriated for the group, but the Canadian side has yet to respond.

"They just haven't been enthusiastic" about the idea, said Larry Bagnell, Yukon representative to the Canadian Parliament.

But Bagnell and other Canadians said they have had positive responses from new Prime Minister Paul Martin, who was inaugurated last month.

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Senate OKs bill to look at railroad expansion

By TOM MORAN
News-Miner Juneau Bureau

JUNEAU—The state Senate has passed a bill that would allow the Alaska Railroad Corp. to begin plotting out a railroad extension to the Canadian border. If it passes in a revote, the bill will go to the House of Representatives.

"This kind of just establishes a road map to completing a rail connection to the rest of North America," said Senate Transportation Committee chairman John Cowdery, R-Anchorage, the sponsor of the bill. "As world trade goes, this rail connection can only increase Alaska's economic ties to the rest of the nation and North America as a whole."

Senate Bill 31—a duplicate of an unsuccessful measure introduced in 2001 by then-Rep. Jeanette James, R-North Pole—would outline a series of steps for potentially conveying state land to the Alaska Railroad Corp. to build an extension to the railroad, which now terminates at Eielson



TERMINAL—Ground is broken on new Alaska Railroad terminal.

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Air Force Base.

Legislators and state officials hope to extend the railroad about 70 miles to Fort Greely to serve the missile defense site there, and ultimately through Canada to link up with the continental rail system.

The sticking point for either project is the huge expense: Alaska Railroad Corp. chairman John Binkley estimated an extension to Greely would cost \$350 million to \$400 million, and James has

See RAILROAD, Page A10

RAILROAD: Bill would allow planning for extension

Continued from Page A1

put the price tag of an 1,100-mile extension to the Canada system at around \$3 billion.

Supporters hope to secure federal or other funds for the project. Binkley said the railroad is talking to the military about extensions to Greely, as well as to two new training grounds between Fairbanks and Delta. He also said political and business developments in Canada have made a rail link more of a possibility.

Cowdery's bill would allow the Alaska Railroad Corp. to delineate a 500-foot corridor running the roughly 270 miles from Eielson to the Canadian border, as well as spots for uses such as rail yards. The corridor would be narrower where physical obstacles or private land ownership get in the way.

The Department of Natural Resources would hold onto the state land within that corridor, then turn it over to the management of the corporation if and

when the corporation has plans to begin construction and the funding to do it.

Once an extension is built, the corporation would plot out a 200-foot corridor within the 500-foot corridor and be granted ownership of that land, with the rest reverting to the DNR. Various provisions of the bill would prevent a railroad project from getting in the way of a potential gas pipeline route.

In addition, the bill compels the DNR to "expeditiously" work with federal officials to enable the state to gain control over federal land in the corridor. And the bill also gives the railroad corporation the power to investigate an extension of the railroad through Canada, and to acquire land or interests in land in Canada to that end.

Binkley said the railroad has no immediate plans to start doing any surveying, and would hold that off until a project to build an extension comes together.

"The Legislature is just being proactive," he said.

The bill drew debate on the Senate floor. Sen. Georgianna Lincoln, D-Rampart, said she was concerned that the 500-foot corridor is wider than necessary, and that there has been no discussion of how the state would acquire land in such a right-of-way that is owned by communities, Native corporations or individuals.

"That has not been broached at all, just a recognition that that's an issue that's still out there," she said.

Sen. Con Bunde, R-Anchorage, argued that it amounts to a land giveaway to the railroad, a semi-autonomous corporation under state ownership. He argued that the railroad, which profits from land given by the state, is subsidized to the detriment of other industries like trucking.

Other senators spoke in favor of the bill. Senate Majority Leader Ben Stevens, R-Anchorage, argued that government sub-

sidies extend beyond the railroad to roads, airports and the Alaska Marine Highway.

"Every transportation system in our state is subsidized," he said.

Several argued that the state should work to facilitate an extension for several reasons: To improve Alaska's connections to the Lower 48, to open new opportunities for agriculture, mineral exploration and tourism, and to potentially aid in the construction of a natural gas pipeline.

"Will it work? Will it be financially viable? I don't know," said Sen. Fred Dyson, R-Eagle River. "But to pass up an opportunity to make it work, and try to make it work, to lose that opportunity I think would be very unfortunate."

The bill passed the Senate by a 13-6 vote. It will be up for a potential revote today.

Reporter Tom Moran can be reached at tmoran@newsminer.com or (907) 463-4893.