

HB

357

ALASKA STATE LEGISLATURE

Co-Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law

Member:
Legislative Council
Legislative Budget & Audit



Session:
Alaska State Capitol, Rm 515
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

District:
600 E. Railroad Ave.
Wasilla, AK 99654

BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

MEMORANDUM

TO: Senator Kookesh, Chair
Senate Transportation Committee

FROM: Bill Stoltze *BS*

DATE: April 9, 2010

SUBJECT: Hearing Request

*Rec'd
3:40 PM
Sat
April 10
2010
BS*

I respectfully request a hearing be scheduled for House Bill 357, an act relating to the sale of land owned by the Alaska Railroad that is not needed for railroad purposes.

Thank you for your consideration.

DISTRICT 16

ALASKA STATE LEGISLATURE HOUSE FINANCE COMMITTEE

Representative Mike Hawker
Co-Chairman
(907) 465-4949
Fax: (907) 465-4979
Representative.Mike.Hawker@legis.state.ak.us

State Capitol 505
Juneau, Alaska 99801



Representative Bill Stoltze
Co-Chairman
(907) 465-4958
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Representative.Bill.Stoltze@legis.state.ak.us

State Capitol 515
Juneau, Alaska 99801

State Capitol, Juneau, Alaska 99801-1182

Letter of Intent for House Bill 357

"It is the intent of House Bill 357, "An Act relating to the sale of land owned by the Alaska Railroad that is not needed for railroad purposes," to not impact any outstanding Federal issue which has not been resolved in regards to railroad lands, easements, or rights-of-way. It is not the intent of this legislation to impede, damage, or disrupt any ongoing claims, issues, or cases involving the Alaska - Railroad Corporation and governmental, tribal, or private sector disputes."

ALASKA STATE LEGISLATURE

Co-Chair:
House Finance Committee

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House Finance Subcommittees for:
Department of Public Safety
Department of Law

Member:
Legislative Council
Legislative Budget & Audit (alt)



Session:
Alaska State Capitol, Rm 515
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

District:
600 E. Railroad Ave.
Wasilla, AK 99654

BILL STOLTZE

STATE REPRESENTATIVE

Representative_Bill_Stoltze@legis.state.ak.us

HB 357

Alaska Railroad Non-Essential Land Sale

"An Act relating to the sale of land owned by the Alaska Railroad that is not needed for railroad purposes."

To spur economic development throughout the state, House Bill 357 adds a fourth clause to the existing language governing how the Alaska Railroad Corporation may dispose of land. House Bill 357 will enable the railroad to sell land that is not needed for essential railroad purposes. This bill does not ask for any irresponsible disposal of land, as the sale must be initiated by the board of directors on two conditions. The first condition is that the land is not essential to railroad operations, and the second condition is that the sale is in the best interest of the state of Alaska.

As support has shown, current leaseholders are very unhappy with the inability to purchase their leased properties from the railroad. In general real estate dealings, private purchases are made in mutually beneficial sales. House Bill 357 encourages these sales after determination by the board of directors of the railroad looks at each sale with the overall benefit to the state of Alaska as the key driver. Not only will the private sector benefit from this addition to state law, the railroad will also have increased ability to make decisions regarding their overall real estate portfolio.

The sale and relationship of private and public lands are vital to the economic growth of the state of Alaska. I ask for your consideration and support of House Bill 357 to promote Alaskan growth through the diversification of land ownership, increasing the tax base of the state, and encouraging responsible development of Alaskan land.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 357(TRA)
 (H) Publish Date: 3/24/10

Identifier (file name): HB357-CED-ARR-3-23-10 Dept. Affected: DCCED
 Title: Alaska Railroad Corporation Land Sales RDU:
 Component: Alaska Railroad Corporation
 Sponsor: Representative Stoltze
 Requester: House Transportation Committee Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
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	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 Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

The fiscal impact of this legislation to the Alaska Railroad Corporation is indeterminate.

HB 357 would authorize the Alaska Railroad to sell land that is not needed for railroad purposes, subject to legislative approval, if the ARRC Board finds that the sale of the land is in the best interest of the state. Current law already allows the railroad to propose the sale of rail land subject to legislative approval. The incremental cost to sell rail land including appraisals, staff time, and other professional fees would likely be passed on to the buyer.

(Continued)

Prepared by: Wendy Lindskoog
 Division: Alaska Railroad Corporation
 Approved by: Emil Notti, Commissioner
Commerce, Community and Economic Development

Phone 265-2498
 Date/Time 3/23/10 12:00 AM
 Date 3/23/2010

FISCAL NOTE #1

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSHB 357(TRA)

ANALYSIS CONTINUATION

Current lease revenue streams average an 8% annual return on the fair market value of ARRC land. If ARRC were to sell this land, it would be hard-pressed to find a comparable investment that would provide such a return with a similar risk profile. As an extreme hypothetical, if ARRC were to sell its holdings in the Ship Creek area of Anchorage, roughly \$6 million of annual lease revenues would be immediately removed from the corporation's budgets. If the corresponding funds received for the sales were used to purchase investments with a similar risk profile, at today's investment returns, ARRC could stand to lose over \$4 million annually when compared to the foregone lease revenues. This could have a material impact on the corporation as it tries to maintain infrastructure, fully fund benefit plans, and provide the required match for federal grant funds, among other items.

ARRC believes the real fiscal impact of selling the non-operating land we currently lease to third parties would result in the loss of a consistent, predictable annual revenue stream to ARRC.

Another potential fiscal impact relates to ARRC's ability to use financial leverage to accomplish its capital plans. Currently, ARRC has approximately \$11 million in outstanding loans secured by lease revenues from corporation lands. Material changes to the lease streams could concern existing lenders, violate covenants, and/or most certainly impact ARRC's future ability to use debt .

Because the potential volume of lands to be sold and the timing thereof is unknown at this point, the fiscal note is indeterminate.

Alaska Railroad Corporation



P.O. BOX 107500 ANCHORAGE, ALASKA 99510-7500
327 W. SHIP CREEK AVENUE, ANCHORAGE, ALASKA 99501

To: John Binkley, Chairman of the Board of Directors
From: Phyllis Johnson, ARRC VP/General Counsel
Regarding: HB 357
Date: April 12, 2010

As you know, the final version of HB357 that passed the House was the Committee Substitute adopted in the House Finance Committee. In that version, the very last sentence (lines 9-10, page 2) reads as follows:

Money in the account may be appropriated in accordance with 45 U.S.C. 1207(a)(5) (Alaska Railroad Transfer Act of 1982). [emphasis added]

For background, ARTA, 45 U.S.C. 1207(a)(5) provides:

Revenues generated by the State-owned railroad, including any amount appropriated or otherwise made available to the State-owned railroad, shall be retained and managed by the State-owned railroad for railroad and related purposes.

The highlighted word, "appropriated", raises some concerns as to whether the legislative intention is to require a legislative appropriation for expenditure of proceeds of sales of land under this new provision. Fundamentally, appropriations are made "to" an entity "by" a legislative body. None of ARRC's governing statutes speak of appropriations "by" ARRC, they only mention appropriations being made "to" the corporation. Use of this term therefore suggests that legislative action is contemplated. In the House Transportation Committee, when this issue was discussed, testimony and committee comments indicated that there was no intention to inject a legislative action into railroad expenditures, and the term "appropriated" was replaced after much discussion by "used". Similar commentary was made in the House Finance Committee, but the term was changed back again to "appropriated", in part relying on a Legislative Legal memo. I have reviewed the only such memo made available and, in some respects, it raises more questions than it answers. A copy is attached.

The memo suggests that it is open to question whether the proceeds of these railroad land sales may constitutionally be spent without an appropriation -- "a question that has not been answered by the courts". It relies on a 1984 informal Attorney General's opinion (also attached) that seems to sidestep the question of whether railroad revenues are a part of the state treasury and therefore require appropriation to be spent. In light of the question raised by the Legislative Legal memo, there is ambiguity at the least, if not arguably an implication that legislative appropriation will be necessary to expend these funds. This would be a sweeping departure from the accepted manner in which railroad funds have been handled

since the state-owned railroad was created. For 25 years, the matter has been left in the hands of the ARRC, pursuant to an annual budget approved by its Board of Directors, to expend railroad funds in accordance with the federal transfer act language referenced above (and in accordance with very similar language in the state corporation act, see AS 42.40.530), i.e.: "for railroad and related purposes".

This language may also inadvertently impact ARRC's bonding activities. I am advised by bond counsel that an important component of the ratings assigned to the railroad's grants receipts bonds is that the Alaska Railroad Transfer Act prohibits the diversion of the railroad's revenues and speaks only in terms of appropriations "to" the railroad, never "by" the railroad. It would be preferable for any legislation dealing with the proceeds of real estate sales to provide that the proceeds be retained by railroad and applied as provided in the Transfer Act for railroad purposes. It is always helpful for State legislation to echo the federal legislation and allows us to show the rating agencies that the Alaska legislature is cognizant of the federal legislation. While the wording may not be fatal, it is never productive to raise issues in the eyes of rating agencies.

To resolve these concerns, we strongly recommend substituting another term for "appropriated" in this proposed legislation. Possibilities include "retained and managed" (which has the advantage of being the language of both ARTA and ARCA), "applied", or "used".

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 24, 2010

SUBJECT: Use of money without an appropriation (CSHB 357(TRA))
(Work Order No. 26-LS1356E)

TO: Representative Peggy Wilson
Chair of the House Transportation Committee
Attn: Becky Rooney

FROM: 
Donald M. Bullock Jr.
Legislative Counsel

Enclosed is CSHB 357(TRA) that includes the changes you requested.

With regard to the deletion of the word "appropriated" on page 2, line 10, and the insertion of the word "used" in its place, is it the committee's intent that the money may be spent without an appropriation?

Under terms of the federal Alaska Railroad Transfer Act (P.L. 97-469, Title IV), the "revenues generated by the State-owned railroad shall be *retained and managed* by the State-owned railroad for railroad and related purposes." 45 U.S.C. 1207(a)(5); emphasis added. According to a section-by-section analysis of the Alaska Railroad Transfer Act that was prepared at the time Congress passed the Act, this provision was intended to allow the railroad to "retain and manage its [sic] own revenues" and to "avoid the need for annual appropriations by the State for the railroad." Congressional Record, December 23, 1982, S16080. The apparent intent of Congress was that the revenues of the railroad be dedicated for railroad and related purposes and that the railroad have the discretion to determine how to use its revenues without having the legislature approve the use and expenditure of those revenues by an appropriation. This provision constitutes a federally mandated dedicated fund requiring that railroad revenues be retained by the railroad and used only for railroad and related purposes. 1984 Inf. Alaska Att'y Gen. Op., May 26 (366-575-84). However, this provision does not prevent the legislature from appropriating railroad revenue for railroad purposes or mandating that the railroad expend its revenue for a legislatively prescribed railroad or related purpose. *Id.*

Although there have been unsuccessful efforts to amend the Executive Budget Act to make it applicable to the Alaska Railroad Corporation, art. IX, sec. 13, Constitution of the State of Alaska prohibits the withdrawal of money from the treasury except in accordance with appropriations made by law. Thus, although the money from the land sales contemplated in CSHB 357(TRA) may be dedicated under 45 U.S.C. 1207(a)(5).

Representative Peggy Wilson
March 24, 2010
Page 2

whether it may be spent without an appropriation is a question that has not been answered by the courts.

DMB:plm
10-171.plm

Enclosure

Westlaw.

1984 WL 61065 (Alaska A.G.)

Page 1

1984 WL 61065 (Alaska A.G.)

Office of the Attorney General
State of Alaska

File No.

366

-

575

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84

May 26, 1984

Appropriation of Alaska Railroad revenue

Honorable Al Adams
Chairman

Luann Cutler, on your behalf, has requested our opinion whether revenues of the Alaska Railroad must be appropriated before expenditure. Under the provisions of the Alaska Railroad Transfer Act (45 U.S.C. § 1207 — 45 U.S.C. § 1214), 'revenues generated by the state-owned railroad shall be retained and managed by the state-owned railroad for railroad and related purposes.' 45 U.S.C. § 1207(a)(5).

This constitutes a dedication of revenue mandated by federal law. Even if a revenue source is dedicated for a specific purpose, amounts may not be expended by an agency within the executive branch from that revenue source unless appropriated by law. Alaska Const. art. IX, §§ 12, 13; see also, Kelley v. Hammond, C.A. No. 77-4, 1st Jud. Dist (Alaska 1977). The important distinction of a validly dedicated revenue source is that money may not be expended for a purpose other than the Alaska Railroad, not necessarily that the money may be expended without appropriation.

We acknowledge that if the railroad's function is assigned to a public corporation which is established as a political subdivision of the state, an argument can be made that railroad revenue is not a part of the state treasury, much the same as the revenues collected by municipal corporations. If this view is adopted in Alaska, railroad revenues could be expended without appropriations. To date, this view has been repudiated at the superior court level. Kelley v. Hammond, C.A. No. 77-4 1st Jud. Dist. (Alaska 1977).

We hope this opinion answers your question.

Norman C. Gorsuch
Attorney GeneralJames L. Baldwin
Assistant Attorney General

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ALASKA RAILROAD CORPORATION



Corporate Address: P.O. Box 107500, Anchorage, Alaska 99510
327 W. Ship Creek Avenue, Anchorage, Alaska 99501

April 6, 2010

Re: Alaska Railroad letter relating to House Bill 357

Dear Legislator:

I would like to share with you the Alaska Railroad's concerns regarding House Bill 357. As currently drafted, House Bill 357 does not "mandate" that the Alaska Railroad sell its land to its tenants. However, we believe this bill will create an expectation that the Legislature and Alaska Railroad Board of Directors (Board) are moving in that direction and that many acres of land will become available for sale to current tenants.

The Board has a fiduciary responsibility to manage the Alaska Railroad on a self-sustaining basis and to protect the asset value for all Alaskans. Our real estate income generated from third party leases at fair market value makes that possible. Current lease revenue streams average an 8% return on the fair market value of railroad land. If the Alaska Railroad were to sell this land it would be difficult to find an investment that would provide a comparable return with a similar low-risk profile over the long term.

For that reason, we believe the railroad "land grant" model created at transfer by the Legislature has served the railroad, and the State, well. The Alaska Railroad has never had to ask the Legislature for financial operating subsidy during its entire history of state ownership.

I appreciate the dialogue generated through Representative Stoltze's introduction of this bill. It has provided an important opportunity for the Alaska Railroad to better understand leaseholder issues and take immediate steps to improve customer relations. At the suggestion of the Board, management will be proposing changes to our long term leasing policy at our May meeting to address some of the issues raised. We believe this effort provides a great first step to better supporting our Alaska private sector.

Sincerely,

A handwritten signature in cursive script that reads "John".

John Binkley
Chairman, Alaska Railroad Board of Directors

The Alaska Railroad Corporation requested its bond counsel, Joan Stern from Blank Rome, to provide comments regarding the use of the word "appropriation" in House Bill 357 relating to sale of Alaska Railroad land. Below are her comments received April 12, 2010:

"A very important component of the ratings assigned to the Railroad's grants receipts bonds is that the Transfer Act prohibits the diversion of the Railroad's revenues and speaks only in terms of appropriations "to" the Railroad, never "by" the Railroad. For this reason, I would recommend that any legislation dealing with the proceeds of real estate sales should provide that the proceeds be retained by Railroad and applied as provided in the Transfer Act for Railroad purposes. It is always helpful for the State legislation to echo the federal legislation and lets us show the rating agencies that the Alaska legislature is cognizant of the federal legislation. I cannot say that the wording is fatal, but it is not the best wording we could have. Now that our bond insurer has a rating lower than the Railroad's unenhanced rating, any legislation affecting the Railroad has to be scrutinized more carefully because it will have that extra scrutiny at the rating agencies"

Joan



THE CITY OF WHITTIER

Gateway to Western Prince William Sound

P.O. Box 608 • Whittier, Alaska 99693 • (907) 472-2327 • Fax (907) 472-2404

Honorable Bill Stoltze, Chairman
House Finance Committee
State Capitol, 5th Floor
Juneau, AK 99801

April 2, 2010

Re: House Bill 357

Dear Representative Stoltze,

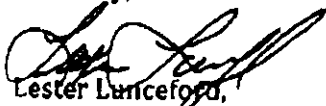
On behalf of the City of Whittier, I am writing to express our support for House Bill 357 which would allow the Alaska Railroad to dispose of land that they own which is not essential to the operations of the railroad. From our perspective, we believe that private ownership over public ownership is best for economic development within the City of Whittier and throughout Alaska.

As you are probably aware, the Alaska Railroad is a major landholder within the City of Whittier and we are familiar with the complaints associated with the railroad's leasing practices. Likewise, we are aware of the constraints that businesses and individuals find in obtaining loans on leased property.

Given that HB 357 is permissive and does not require the railroad to dispose of land, we find it difficult to understand how or why anyone could oppose this measure. In closing, we would like to take this opportunity to thank the legislature in recognizing the need to get more public lands into private ownership and urge the passage of this bill.

Thank you for your time and consideration.

Sincerely,


Lester Lurrenceford,
Mayor

Please visit our new website:
www.whittieralaska.gov

Date: March 10, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
State Capitol, 4th Floor
Juneau, AK 99801
Fax:: 907-465-3175

Dear Chair Wilson,

I am writing in opposition of House Bill 357, which is currently in your committee. As a Real Estate professional I can see why business owners may wish to own rather than lease. As a resident of the State of Alaska I don't see the *"giving the railroad the authority to dispose of non-strategic land within their real estate portfolio creates the logical first step of putting more government-owned lands in the private sector,"* is in Mine or the States best interest.

I am closely aware that the Real Estate department of the Alaska Railroad, operates for profit, and strives to get the highest rate of return, on value, for their owned real estate. Well managed long term leases will, and do provide a greater rate of return to me and the State than selling off performing asset, not to mention, selling those assets in a depressed real estate environment.

Any favorable vote on this bill will only serve the interests of a few business owners rather than the majority of residents of the State of Alaska.

This legislation does not represent good financial stewardship of mine and the States performing real estate assets.

Respectfully,

Mark S. Kulstad
Commercial Real Estate Agent and Broker 907-223-8135

Alaskan Wood Moulding Inc.
1115 Whitney Rd.
Anchorage AK 99501
Ph: 907-563-9724, Fax: 907-563-9725

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska House of Representatives
State Capitol, Room 406
Juneau, AK 99801

RE: HOUSE BILL 357

Dear Chair Wilson,

I would like to urge your support of HB 357, which is currently under review by your committee. This legislation is important to Alaska businesses and would help diversify and strengthen the private sector.

As you know, the vast majority of land in Alaska is held by various public entities, which limits opportunities for the private sector. HB 357 is a reasonable vehicle for current land users to have the ability to purchase the property that they currently lease from the ARRC. The ability to own both the land and the improvements on these properties vastly increases the bottom-line health of business and opens lines of credit that can be utilized to expand and grow. This legislation is a win/ win opportunity for the ARRC to continue to generate revenue from the proceeds of the proposed land sale while Alaskan businesses gain the financial leverage to continue to create jobs.

Respectfully,

Mark Stearns

Alaskan Wood Moulding Inc.
1115 Whitney Rd.
Anchorage AK 99501
Ph: 907-563-9724, Fax: 907-563-9725

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska House of Representatives
State Capitol, Room 406
Juneau, AK 99801

RE: HOUSE BILL 357

Dear Chair Wilson,

I am writing in support of House Bill 357. This bill is long overdue and if passed will have a positive impact on commerce, our economy and our local community's tax base(s). For the communities surrounding the rail belt, this legislation will probably be the largest positive impact on the economy and creation of jobs.

Alaska's economy is restricted because of the amount of land under government ownership and control. This legislation is a positive step in getting land from under government ownership into the hands of the private sector. With that will come greater investment and more jobs.

On a separate note, I saw on the news a legislative proposal that would charge the Alaska Railroad with the responsibility of developing a small diameter gas pipeline, often referred to by Alaskans as a bullet line. From my perspective, this is a terrible and short-sighted proposal that does not contemplate the railroad's ability to waste money. Their direct managerial involvement will almost certainly insure a tariff that would be unaffordable to most Alaskans.

In conclusion, I want to take this opportunity to extend my thanks and appreciation to Representative Stoltze who authored this bill. Without his business sense and leadership, we would most likely continue operating under the existing arcane structure of governmental ownership. Please support passage of HB 357.

Respectfully,



Mark Stearns

March 12, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
State Capitol, 4th Floor
Juneau, AK 99801

Dear Representative Wilson,

I am writing in support of House Bill 357, it would allow private businesses and citizens to purchase government owned land.

Respectfully,

James Garvin

AT&S, Inc.
Operations Manager
Fairbanks Alaska

March 12, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
State Capitol, 4th Floor
Juneau, Alaska 99801

RE: HB 357

Dear Representative Wilson,

I recently learned about House Bill 357, and I am writing in support of this measure.

I work for a Fairbanks based company, that has been in business, since 1974, which is located on railroad-leased land. In fact, all the businesses around us, are located on Railroad-leased land. The land we are based on, is not used for railroad operations and Never will be.

This legislation would allow for the sale of these properties. In AT&S case and the others around us. This would be an asset, to the companies, to own the land there business is located on.

With your help, lets do the right thing and pass this bill.

Thank you,
Randy Arendell
AT&S Inc.
1883 Fox Ave.
Fairbanks, Alaska 99701

March 10, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska State House of Representatives
State Capitol, Room 406
Juneau AK 99801

Via fax: (907) 465-3175

RE: HB 357

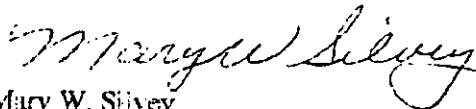
Dear Chairwoman,

As a former leaseholder with the ARRC, I support this bill. My understanding is that when these lands were transferred to the State, the intention was that such lands would be sold to private parties. Under that belief, at least some former leaseholders that I have known expanded their facilities. Several years ago, a commission formed to research long-term plans for the State also recommended that these lands be sold.

Besides original intent, it is my belief that these lands are not developed to their potential because there is always the threat of ARRC takeover at the end of the lease. I realize this is standard leasehold practice, but the ARRC is statutorily prohibited from selling its land. This was enough incentive for me not to further improve my property.

The ability and flexibility to maximize these properties will be of benefit to the communities as well in expanding the revenue capacity of the lands and value of tax base.

Sincerely,



Mary W. Silvey
PO Box 71350
Fairbanks AK 99707

Cc: Bill Steltze via fax: (907) 465-4928
Cc: Peter Macksey via email: pmacksey@steelfabak.com

HB357 re ARRC leases Mar 2009

RECEIVED

MAR 02 2010

February 25, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska State House of Transportation
State Capitol, 4th Floor
Juneau, Alaska 99801

Re: House Bill 357

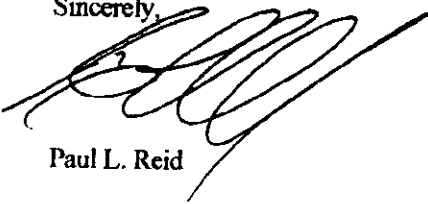
Dear Representative Wilson,

I am writing to you in support of House Bill 357. As an Alaska Railroad Leaseholder myself, I know first hand the difficulties and restraints associated with dealing with the railroad. While my lease, primarily because of its location, will probably not be one of the parcels of land ever put up for sale or disposition; nonetheless, as a businessman I know of many parcels that are not strategic to the railroad and where the community's commerce would likely improve substantially if these parcels were sold and in private hands. One of Alaska's biggest problems is that too much land is owned by the government, both federal and state.

Putting railroad lands that are not necessary to their operation or strategic purpose in the hands of the private sector would increase business Capital investment, thus creating more jobs and a stronger local tax base. I know of many leaseholders unwilling to further invest in their businesses because of the uncertainty of their leases and the perceived difficulties in dealing with the railroad and their real estate office.

Again, in the strongest terms possible, I urge swift passage of house bill 357. Furthermore, I would like to compliment Representative Bill Stoltze for having the business acumen and determination to address an important issue to the rail belt region and its commerce.

Sincerely,



Paul L. Reid

cc: Representative Bill Stoltze

sagaya
corporation

2525 blueberry road suite 106 anchorage, alaska 99503
tel 907 563-0220 fax 907 563-0240

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March 1, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
State Capitol, Room 406
Juneau, AK 99801

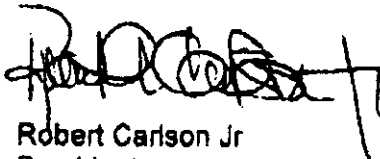
Dear Representative Wilson:

Your committee is in charge of reviewing House Bill 357, which deals with allowing the Alaska Railroad Corporation to dispose/sell non-essential real estate. This legislation warrants the body's attention and passage.

HB 357 is an astutely crafted vehicle that will allow the Railroad to sell land that is not essential to their transportation system. By doing so, the private sector will be able to more easily attract needed capital, and be insured that they have the freedom to direct, expand, and upgrade their businesses as they wish and receive full benefit of any capital improvements.

Passing this legislation is a commitment to economic development and belief in the private sector. Please support HB 357.

Sincerely,



Robert Carlson Jr
President

ALASKA'S LEADING WHOLESALER OF BUILDING SPECIALTY MERCHANDISE

STATEWIDE DOOR & GLASS

221 East Ship Creek Avenue Anchorage, Alaska 99501
Phone: (907) -562-2074 Fax: (907) -562-1803

3/2/2010

Page 1 of 2

Honorable Peggy Wilson
Chairperson, Transportation Committee
Alaska House of Representatives

Dear Representative Wilson,

My name is Mike Hammer. I am the owner of Statewide Door & Glass. I do commercial glass service and new installations for projects throughout Alaska. I currently employ 25 – employees year round. I purchased my current building in 1999. It sits on Railroad leased land, located on Ship Creek Avenue. This street was originally named Warehouse Avenue until about 10 years ago. The name of the street was changed by the Railroad Corporation to make it appear that the area was not used for industrial, manufacturing, or storage purposes. There are currently at least 10 – businesses on this street that still do this kind of work to make a living. They have all been here longer than me.

Over the past 10 – years, some businesses have had their leases expire. When this happens, the Railroad has refused to renew them. As a result, the owner is currently required to demolish the building and have the debris hauled off to the landfill at the owner's expense unless the Railroad wants the building. Then, they will waive the demo requirement and take over the building. I have been told that my lease will not be renewed if I continue to operate as a glass shop. By doing this, the Railroad will eventually own all of the buildings or get rid of them. The goal is to turn this area into a tourist shopping and retail area.

Page 2 of 2

The Railroad Corporation has allowed 3 – new buildings to be built since I have been here. The Comfort Inn Hotel, The Ulu Factory, and The Bridge Restaurant. They were allowed to be built because they fit into the future model of what the Railroad would like to see happen in this area. The problem is that this area is not attracting any investment as the Railroad Corporation expected.

The Bridge Restaurant went out of business two years ago. The building has been for sale ever since and is still empty. There is an empty lot next to mine that has been advertized as a great location for a new Condominium project. There has been no interest. The Ulu factory had to invest in a shuttle bus to get people from downtown to come see their store. There are many other empty lots for sale.

As I see it, the Alaska Railroad Corporation has become a real estate holding company who still likes to play with trains! The federal government GAVE this land to Alaska so it could be used for transportation and building infrastructure, not to build shopping malls and coffee stands for tourists that will sit empty eight months of the year.

I would like to be able to purchase the land that my building sits on. I would like to continue to employ people who live and work in Alaska all year long. Having to start over again in another building because my lease will not be renewed may put me out of business. Please do what you can to help myself and others in my position so that we can stay where we are and continue to employ Alaskans. Please support House Bill #357.

Sincerely,



Thomas Tonkin
2005 Misty Meadows
Anchorage, AK 99502

March 4, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska House of Representatives
State Capital, Room 406
Juneau, AK 99801

RE: HOUSE BILL 357

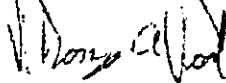
Dear Chair Wilson,

I would like to ask for your support of HB 357 that is currently under consideration in your committee. I have been employed by a company for the last sixteen years that leases property from the ARRC. My employer faces numerous uncertainties and challenges as do most small businessmen. As an example the ARRC has increased the land lease payment cost from \$780.00 per month in 2001 to \$2,990.00 per month currently. The current rate approaches an almost four fold increase in just 9 years. These dramatic increases place strain on already stretched finances and reduce the available funds to expand the business and increase wages.

From my reading of this legislation it seems like an excellent opportunity to place privately used property into the ownership of those entities that use and occupy these properties. The ARRC will still receive an income stream from the investment income from the proceeds of the sale and the users will reap the benefits and predictability of land ownership. This appears to be a situation that benefits both the private sector as well as the public interest.

Thank you for your consideration,

Thomas Tonkin



February 25, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska State House of Transportation
State Capitol, 4th Floor
Juneau, Alaska 99801

Re: House Bill 357

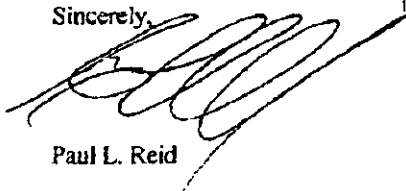
Dear Representative Wilson,

I am writing to you in support of House Bill 357. As an Alaska Railroad Leaseholder myself, I know first hand the difficulties and restraints associated with dealing with the railroad. While my lease, primarily because of its location, will probably not be one of the parcels of land ever put up for sale or disposition; nonetheless, as a businessman I know of many parcels that are not strategic to the railroad and where the community's commerce would likely improve substantially if these parcels were sold and in private hands. One of Alaska's biggest problems is that too much land is owned by the government, both federal and state.

Putting railroad lands that are not necessary to their operation or strategic purpose in the hands of the private sector would increase business Capital investment, thus creating more jobs and a stronger local tax base. I know of many leaseholders unwilling to further invest in their businesses because of the uncertainty of their leases and the perceived difficulties in dealing with the railroad and their real estate office.

Again, in the strongest terms possible, I urge swift passage of house bill 357. Furthermore, I would like to compliment Representative Bill Stoltze for having the business acumen and determination to address an important issue to the rail belt region and its commerce.

Sincerely,



Paul L. Reid

cc: Representative Bill Stoltze

Sageeva
CORPORATION

2525 blueberry road suite 106 anchorage, alaska 99503
tel 907 563-0220 fax 907 563-0240

February 25, 2010



2132 RAILROAD AVENUE
ANCHORAGE, ALASKA 99501
FAX 907 276-3448
TEL 907 276-3448

Honorable Peggy Wilson, Chairwoman
House Transportation Committee
Alaska State House of Representatives
Juneau, AK 99801

Dear Chairwoman Wilson,

I am writing to ask you to give HB 357 your committee's fullest deliberation. It is a bill that will right a major inequity for my business and for many other businesses in Alaska's Rail Belt.

Currently we have to make and pay for many capital and property improvements, ourselves. (We were required to pay for a new water line on property we did not own.) We "inherited" our lease when we bought this business, over 25 years ago. The lease has proved to be the only regret I have about owning this business. It is a bitter pill to know that while you are improving your business to the highest standards, that those improvements may end up belonging to another owner.

Alaska depends on private enterprise to keep building new jobs more than any other segment of our economy. This is especially important during these tough economic times. A business that could have the opportunity of owning its land would also have the confidence to make additional capital improvements and expansions. This will provide huge benefits to local communities.

Rather than continuing to lock up more land from private ownership, let a crack of light and hope shine down on the many businesses who struggle daily to be competitive. After all, it was set out in the original Federal transfer of lands as a fair and equitable procedure. The Alaska Railroad Corp. has done nothing but drag its heels on this process, and I think HB 357 will give everyone the green light to proceed with a process that should have started 20 years ago. I really believe HB 357 is a fair and equal way to start this important adjustment.

Sincerely,

A handwritten signature in cursive script that reads "Janet Faulkner".

Janet Faulkner
Vice President

February 25, 2010

Honorable Peggy Wilson, Chairwoman
House Transportation Committee
Alaska State House of Representatives
Juneau, AK 99801



2132 RAILROAD DRIVE
ANCHORAGE, AK 99501
FAX 907 276-3448
TEL 907 276-4100

Dear Representative Wilson,

Here's the key to the simplicity of HB 357: it just starts the process that was set-up over 25 years ago when the Federal government transferred ownership to Alaska. Part of that Federal transfer specified that state-owned, non-operational railroad lands could be purchased at fair market value after 10 years. HB 357 just specifies that it's alright to begin the process.

HB 357 will allow business owners like me, who has leased state land through the Alaska Railroad Corporation, the opportunity to purchase land that I have improved upon for over 25 years (I have made over \$8 million in capital improvements to my business site). I have paid taxes on this land, too, even though I do not own the land. I have done this in order to build my steel fabricating business to be the top steel fabricator in Alaska, with the largest capacity and capabilities in the state. The reason? I want to make sure that other Alaska industries can get their steel needs met in Alaska, without going outside the state.

Under current lease conditions, if I would close or move my business, all the capital improvements would belong to the ARRC. Frankly, I have always found this very bothersome. I look around me, at other leaseholders, and I am sure that if they were able to own the land they are sitting on that they would make major improvements, which would equate to higher property values, greater civic pride and beautification, and a stronger tax base for Rail Belt communities.

Help us eliminate serfdom from the Rail Belt. Please give HB 357 your most earnest consideration, Representative Wilson. HB 357 is a simple bill crafted to treat leaseholders who desire to buy their property as equally as those who wish to continue to lease. Private property owners in Alaska are a rare breed: only 2 percent of Alaska land is in private ownership. Please give us a chance to help remedy this inequality.

Sincerely,

Richard Faulkner
President



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March 2, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
State Capital, 4th Floor
Juneau, Ak 99801

RE: HB 357

Dear Representative Wilson,

We recently learned about House Bill 357 and we are writing in support of this measure.

We have leased our property from the Alaska Railroad since 1965. We would not even consider doing any improvements due to the uncertainties of our lease. There has only been one new business on our street within the last 10 years and it failed. There are many lots available but no one wants to develop them because of the lease agreement. The railroad does not use or need these lots for railroad purposes. It is a shame to have properties sitting vacant and leased land buildings needing repair. The lands have become an eyesore to the community.

House Bill 357 would allow the sale of these properties. This would allow development of the lands which would be beneficial to everyone.

We would appreciate your support of this bill. If you have any questions, please email me at kiperham@gci.net.

Thank you,

ALASKA FLOR-WALL, INC.

Karen A. Paulson Perham
President

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3/2/2010

Honorable Peggy Wilson, Chairwoman

Alaska State House of Representatives

Transportation Committee

Juneau, AK 99801

Dear Chairwoman Wilson,

I sincerely request the support and endorsement of HB 357. This bill deals with the sale and the redistribution of ownership of unessential railroad land.

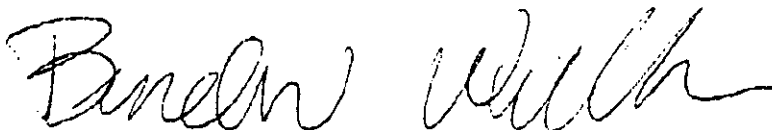
This legislation, if passed, would allow the railroad to sell lands that are in surplus to their transportation operations. This in turn would allow the businesses and other interested parties to procure the land that they already have financial interests and investments in. By doing so, the Railroad would not be infringing upon the directives of their board, or the welfare of the public. If the private entrepreneurs/corporations are allowed to own the land that they have established their respective enterprises on, they are thus more likely to further invest in said enterprises and strengthen our local community by remaining where they are. Investments will then lead to more jobs and revenue for the community/state as well.

Nearly all the land in the state of Alaska is government owned (just about 98%). By allowing the railroad to sell the extra land to these business owners, it would grant the private business sector more strength and revenue.

Please consider this bill and all that I have stated as it is crucial for the development and prosperity of the private business sector as well as the continuing stability of our local communities.

Sincerely,

Brandon Wallace



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Bohuslav Fiala
167 Ocean Park Dr.
Anchorage, AK 99515

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska House of Representatives
State Capitol, Room 406
Juneau, AK 99801

RE: HOUSE BILL 357

Dear Chair Wilson,

I am writing to ask your support of HB 357 currently under consideration in your committee. This bill, if enacted, will have a positive impact on Alaska's economic future by securing the economic future of current ARRC leaseholders.

This legislation will give the railroad the authority to sell their non-strategic land within their real estate portfolio and puts public lands into private ownership. This will significantly increase economic climate for more investment, create new jobs and ensure existing ones, and expand the local tax base all along the rail belt.

This legislation does all this and is revenue neutral. The railroad will continue the revenue stream that it currently enjoys while businesses can secure their future through land ownership. This legislation is pro business, pro jobs and pro private sector business and it allows the ARRC to concentrate on their primary mission of operating our railroad.

Respectively,


Bohuslav Fiala

Cc: Honorable Bill Stoltze

Erik Brubaker
P.O. Box 876432
Wasilla, AK 99587

March 3, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska House of Representatives
State Capitol, Room 406
Juneau, AK 99801

RE: HOUSE BILL 357

Dear Chair Wilson,

House Bill 357 that has been introduced by Rep. Stoltze, would support private sector businesses that are currently lease holders with the ARRC. As you are aware a large proportion of land in Alaska is held by the public including those lands that are leased by the Railroad to businesses along the rail belt region. Most railroad leased land has no direct impact on the day to day operational activities of the Railroad. The Railroad by virtue of these leases exerts control and creates uncertainty for the long term health of the leaseholders. This legislation if enacted, would provide the leaseholders a secure future and give them the flexibility to invest for the future. It also allows the Railroad continued revenue for their train operations and lets them focus on their primary reason for existence.

Respectfully,



Erik Brubaker

cc: Honorable Bill Stoltze

Ken McCarty
11441 Lower Sunny Cr.
Eagle River, AK 99577

March 2, 2010

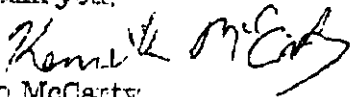
Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska House of Representatives
State Capitol, Room 406
Juneau, AK 99801

RE: HOUSE BILL 357

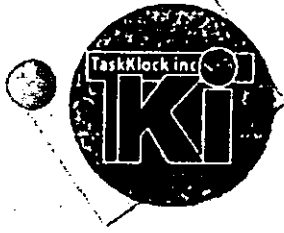
Dear Chair Wilson,

Please actively support HB 357 as this will be tangible and visible support of small business interests in Alaska. This legislation will help put public lands into private ownership and will lead to increased investment and job growth. This will allow the ARRC to concentrate on their primary activity and still maintain the revenue stream that they currently have from their real estate operations. It also is revenue neutral which is probably a rare situation in these economic times. This seems like a situation where both parties benefit and I strongly urge you to give it the attention that it deserves.

Thank you,


Ken McCarty

Cc: Honorable Bill Stoltze



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March 3, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
Alaska House of Representatives
State Capitol, Room 406
Juneau, AK 99801

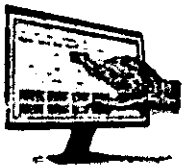
RE: HOUSE BILL 357

Dear Chair Wilson,

Please support HB 357 currently in your committee. This legislation will help Alaskan businesses by placing public lands into private use. Alaska has more public lands than any other state and this legislation will allow these lands to generate tax revenue and strengthen the bottom line of the private sector. This legislation is the type of real and tangible support that the State can provide to help diversify the economy. This legislation is one that provides benefits without harming the ARRC. The Rail Road will continue to receive revenue from the invested proceeds of these land sales and it puts the land into private hands for the benefit of Alaskans.

Thank you for your consideration,

Marguerite C Kremer



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Pamalyn Duvall

From: Mark Sprano [marksprano@gmail.com]
Sent: Wednesday, March 03, 2010 3:27 PM
To: Pamalyn Duvall
Cc: ashleyreed@gci.net; rfaulkner@steelfabak.com
Subject: House Bill 357

Date March 1, 2010

Honorable Peggy Wilson, Chair
House Transportation Committee
State Capitol, 4th Floor
Juneau, AK 99801

Dear Chair Wilson,

I am writing in support of House Bill 357, which is currently in your committee. I believe this legislation deserves the attention and support of the legislature because of its positive implications for the economy of our state.

First and foremost, giving the railroad the authority to dispose of non-strategic land within their real estate portfolio creates the logical first step of putting more government-owned lands in the private sector. By doing so, you will significantly increase the economic climate for more investment, create new and more jobs, and expand the local tax base of our communities along the railbelt.

A move like this will allow the RR to make sound and rationale decisions about their real estate portfolio for the betterment of their operations as well as for their communities and leaseholders.

This legislation is pro-business, pro-jobs, pro-private sector and deserves the attention and passage of

the Alaska State Legislature. Thank you for your consideration.

Regards

Mark Sprano

--
Mark Sprano

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Fax 907.222.1802

March 3, 2010


Honorable Peggy Wilson, Chairwoman
Alaska State House of Representatives
Transportation committee
State Capitol
Juneau, AK 99801

Dear Chairwoman Wilson:

I urge your endorsement and support of HB 357, Our family has leased a small parcel of railroad land since the late 60's. On many occasions over the years we have tried unsuccessfully to purchase this parcel. We operate a small business and could never justify the improvements we need as we do not own the land.

More recently the Municipality of Anchorage in conjunction with railroad officials has forced the railroad lease holders to pay property taxes on land that they do not own. We are in full support of this legislation and hope it will pass during the current session.

Thank you for your support,



Brad Cherric

6 March, 2010

Hon. Peggy Wilson
Chair, House Transportation Committee
State Capital, Room 406
Juneau, Alaska 99801

Dear Representative Wilson;

I am writing in support of House Bill 357, which would allow the sale or disposition of non essential railroad lands. I give these reasons for this solution:

There is a lot of land controlled by the Alaska Railroad. The State land on Commercial Drive was sold to tenants years ago.

It would probably lead to larger operations being located in the Railroad area.

I have leased from the Alaska Railroad since the end of 1975. In the last few years the City of Anchorage has been charging taxes on the value of the Alaska Railroad leases. Nobody seems to know if the lease value is reduced as the years left on the lease are reduced. As my lease has left time remaining, the taxes have gone up considerably.

I think if the property was owned by companies or individuals, tenants would be in a better position to expand, get loans, etc. The Railroad has a lot of fine people working there, and I don't have anything against anyone.

Thanks for your efforts,

Sincerely,
Harvey Dougherty
Harvey Dougherty
Alaska Crate & Pallet
3405 Vassar Drive
Anchorage, Alaska 99508