

**HB**

**146**

<TARGET><BILL>HB 146</BILL><SUBJECT>HB  
146</SUBJECT><COMM>HFIN27</COMM></TARGET>



# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 1  
Bill Version CSHB 146(RES)  
(H) Publish Date 3/29/11

Identifier (file name) HB146-CCED-ARRC-2-25-11 Dept. Affected DCCED  
Title Land Transfer from State and Alaska Railroad Appropriation Alaska Railroad Corporation  
Allocation Alaska Railroad Corporation  
Sponsor Rep. Tammie Wilson  
Requester House Resources Committee OMB Component Number \_\_\_\_\_

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

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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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 (please identify)								
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost 0.0

**POSITIONS**

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Wendy Lindskoog  
Division Alaska Railroad Corporation  
Approved by Susan K. Bell, Commissioner  
Commerce, Community, and Regional Affairs

Phone 907-265-2498  
Date/Time 2/25/11 2:00 PM  
Date 3/18/2011

FISCAL NOTE #1

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB 146(RES)

**Analysis**

Congress repealed a Right-of-Way reversion provision in the Alaska Railroad Transfer Act Section 1209 in 2003. HB 146 reinstates the reversionary right in State law for the Eielson Branch of the Alaska Railroad system and will not have a foreseeable cost to the Alaska Railroad.

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 2  
Bill Version CSHB 146(RES)  
(H) Publish Date 3/29/11

Identifier (file name) HB146-DNR-LATD-03-20-11 Dept. Affected Natural Resources  
Title LAND TRANSFER FROM STATE AND ALASKA RR Appropriation Resource Development  
Allocation Land Acquisition & Title Defense  
Sponsor Rep. Wilson  
Requester House RES OMB Component Number 2459

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

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>					<b>*** INDETERMINATE ***</b>			

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time	0	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0	0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by Wyn Menefee, Acting Director  
Division Mining, Land & Water  
Approved by Daniel S. Sullivan  
Department of Natural Resources

Phone 269-8501  
Date/Time 3/20/11 1:00 PM  
Date 3/20/2011

**Analysis**

HB 146 creates a mechanism whereby, if the State of Alaska (SOA) and the Alaska Railroad Corporation (ARRC) discontinue use of the right-of-way (ROW) along the Alaska Railroad Corporation's Eielson Spur Line, the interest of the State of Alaska and the Alaska Railroad Corporation in the land within the ROW would revert to the abutting landowners. Under Section 2 of the bill, the reversion would only occur if (1) the governor issues a notice of discontinuance or (2) the SOA and the ARRC have made no use of the ROW for transportation, communication, or transmission purposes for 18 years.

Assuming neither condition is met, there would be no fiscal impact to the Department of Natural Resources. However, if either condition were met, determining (1) how the 98 property owners along the Eielson Spur line would be affected and (2) processing any resulting land disposals would require a significant effort by the state, possibly including surveys, title reports, appraisals, conveyances, hazardous materials reviews, and public notice, comment, and best-interest findings processes.

At a minimum, one new position (Natural Resource Specialist II (range 16) for 9 months at \$83,300/year = \$62,470) would be required to determine identities and contact addresses for the owners of the 98 properties along the ROW, review title history and conveyance documents for these properties, determine whether there exists a reversionary interest in each of the properties and whether surveys are sufficient to describe the properties affected, and prepare title reports. Depending upon the outcome of this initial work, there could be additional surveys, title reports, appraisals, conveyances, hazardous materials reviews, and public notice, comment, and best-interest findings processes. Estimating costs associated with this additional work is difficult, but could range from \$100,000 to \$150,000.

Because the fiscal impact to the Department is contingent upon the conditions outlined in Section 2 of the bill being met or not met, and because the total amount of work required if one of those conditions were met would be contingent upon what was discovered in initial assessment work, the fiscal impact to the Department is indeterminate.

**CS FOR HOUSE BILL NO. 146(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE TAMMIE WILSON**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the Alaska Railroad Corporation; and providing for an effective**  
2 **date."**

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

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

6 FINDINGS. The legislature finds that the 2003 repeal by the United States Congress  
7 of the reversion language of 45 U.S.C. 1208(c) and 1209 (Alaska Railroad Transfer Act)  
8 resulted in future retention by the Alaska Railroad Corporation and the State of Alaska of a  
9 railroad right-of-way that abutting landowners along the Alaska Railroad Corporation's  
10 Eielson Spur had a reasonable expectation would be conveyed to them if the Alaska Railroad  
11 Corporation and the State of Alaska discontinued use of the land within the right-of-way. This  
12 legislation is intended to replace the reversionary rights of the abutting landowners that were  
13 repealed by the United States Congress in 2003.

14 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 DISPOSITION OF RAILROAD RIGHT-OF-WAY TO PROPERTY OWNERS  
3 ALONG THE EIELSON SPUR LINE. (a) If the State of Alaska and the Alaska Railroad  
4 Corporation discontinue use of the right-of-way along the Alaska Railroad Corporation's  
5 Eielson Spur Line, the interest of the State of Alaska and the Alaska Railroad Corporation in  
6 the land shall revert to the abutting landowners. The State of Alaska and the Alaska Railroad  
7 Corporation shall be considered to have discontinued use under this subsection when

8 (1) the governor delivers to the abutting landowners a notice of  
9 discontinuance, including a legal description of the property subject to the notice and a  
10 quitclaim deed thereto; or

11 (2) the State of Alaska and the Alaska Railroad Corporation have made no use  
12 of the right-of-way for a continuous period of 18 years for transportation, communication, or  
13 transmission purposes.

14 (b) On reversion under (a)(2) of this section, the State of Alaska and the Alaska  
15 Railroad Corporation shall, on request, convey by quitclaim deed all of their rights, title, and  
16 interest in the reverted right-of-way to the abutting landowners. When land abutting the  
17 reverted right-of-way is owned by different persons or entities, the conveyance made under  
18 this section shall extend the property of each abutting landowner to the centerline of the right-  
19 of-way.

20 (c) This section constitutes legislative approval under AS 42.40.285(1) for the Alaska  
21 Railroad Corporation to convey its entire interest in the land described in (a) of this section.

22 \* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

*Adopted  
4/6/11*

27-LS0505\I  
Kane  
4/5/11

**CS FOR HOUSE BILL NO. 146(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE TAMMIE WILSON**

**A BILL**

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12 of the right-of-way for a continuous period of 18 years for transportation, communication, or  
13 transmission purposes.

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Alaska State Legislature  
House of Representatives  
Representative Tammie Wilson

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**Sponsor Statement**

**House Bill 146 –27<sup>th</sup> Legislature**

In 2003, Alaska Railroad Corporation asked Congress to repeal reversionary sections (1208 & 1209) of the Alaska Railroad Transfer Act (ARTA).

**CSHB(Res) 146** reinstates the mechanism (per ARTA) for landowners along the Eielson spur to receive ownership of their property after the easement is no longer used.

The affected parties, ARRC and property owner, support this measure.

I appreciate the committee's consideration for this bill and request your support.

## Basic Chronology

- March 12, 1914, Congress reserved to the United States a 200' right of way (ROW) for the construction of railroads, telegraph and telephone lines across all federally owned lands in Alaska.
- 1946: Carl Finell filed for his Alaskan homestead in the North Pole area.
- 1947: Utilizing the ROW granted by the 1914 Act, the United States constructed a railroad spur from Fairbanks to Satellite Field (Eielson Air Force Base) bisecting Carl Finell's homestead.
- 1949: Carl Finell received the federal patent to his homestead—the reservation for the railroad ROW was included in the patent.
- 1969: The remainder of the Finell homestead was purchased, including the property that the railroad crosses.
- 1980: The State of Alaska and federal government begin negotiating for the transfer of the Alaska Railroad to State ownership.
- 1983: Congress passed the Alaska Railroad Transfer Act (ARTA) authorizing the sale of the Alaska Railroad and its properties to the State. Section 1209 of ARTA provided that the railroad ROW transferred to the State would “revert” back to U.S. ownership if the State made no use of the ROW for transportation, communication, or transmission purposes for a continuous period of 18 years. Upon such reversion, the U.S. was then obligated to convey the unused ROW to adjacent landowners.
- 1985: The Alaska Railroad is transferred from federal ownership to State ownership.
- 2003: Congress repealed the ROW reversion provision in ARTA Section 1209.
- 2005/2006: While researching crossing closing issues, it was discovered that the ARTA ROW reversion provision had been repealed.

While the railroad has the right to cross their property along the Eielson spur, property owners contend they lost a contingent future property interest when Congress repealed the ARTA ROW reversion provision in 2003, and that it is only fair and equitable for the State to restore this reversionary right. HB 146 accomplishes this goal.

\* Chronology compiled by sponsor from corroborating notes between ARRC and constituent (Ms. Woldstad); final approved by both parties.

02/18/11



**ALASKA RAILROAD  
TRANSFER ACT  
("ARTA")**

**UNITED STATES CODE  
TITLE 45  
CHAPTER 21**

[June 2005]

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**EDITOR'S NOTES** were added by ARRC's Office of the General Counsel.

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**(b) Procedures for issuance of certificate of public convenience and necessity; inventory, valuation, or classification of property; additional laws, authorities, etc., applicable**

As soon as practicable after January 14, 1983, the Interstate Commerce Commission shall promulgate an expedited, modified procedure for providing on the date of transfer a certificate of public convenience and necessity to the State-owned railroad. No inventory, valuation, or classification of property owned or used by the State-owned railroad pursuant to subchapter V of chapter 107 of Title 49 shall be required during the two-year period after the date of transfer. The provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and section 382(b) of the Energy Policy and Conservation Act (42 U.S.C. 6362(b)) shall not apply to actions of the Commission under this subsection.

**(c) Eligibility for participation in Federal railroad assistance programs**

The State-owned railroad shall be eligible to participate in all Federal railroad assistance programs on a basis equal to that of other rail carriers subject to part A of subtitle IV of Title 49.

**(d) Laws and regulations applicable to national forest and park lands; limitations on Federal actions**

After the date of transfer to the State pursuant to section 1203 of this title, the portion of the rail properties within the boundaries of the Chugach National Forest and the exclusive-use easement within the boundaries of the Denali National Park and Preserve shall be subject to laws and regulations for the protection of forest and park values. The right to fence the exclusive-use easement within Denali National Park and Preserve shall be subject to the concurrence of the Secretary of the Interior. The Secretary of the Interior, or the Secretary of Agriculture where appropriate, shall not act pursuant to this subsection without consulting with the Governor of the State of Alaska or in such a manner as to unreasonably interfere with continued or expanded operations and support functions authorized under this chapter.

(e) The State-owned railroad may take any necessary or appropriate action, consistent with Federal railroad safety laws, to preserve and protect its rail properties in the interests of safety.

(Pub.L. 97-468, Title VI, §608, Jan. 14, 1983, 96 Stat. 2556)

**[Editor's Note:** §§(a)(1) and (c) were amended in 1995 to reflect abolition of the Interstate Commerce Commission, Pub.L. 104-88, §326. §(a)(5) was amended and § (e) was added in 2004, Pub.L. 108-447, Div. H, §152.]

**1208. FUTURE RIGHTS-OF-WAY**

**(a) Access across Federal lands; application approval**

After January 14, 1983, the State or State-owned railroad may request the Secretary of the Interior or the Secretary of Agriculture, as appropriate under law, to expeditiously approve an application for a right-of-way in order that the Alaska Railroad or State-owned railroad may have access across Federal lands for transportation and related purposes. The State or State-owned railroad may also apply for a lease, permit, or conveyance of any necessary or convenient terminal and station grounds and material sites in the vicinity of the right-of-way for which an application has been submitted.

**(b) Consultative requirements prior to approval of application; conformance of rights-of-way, etc.**

Before approving a right-of-way application described in subsection (a) of this section, the Secretary of the Interior or the Secretary of Agriculture, as appropriate, shall consult with the Secretary. Approval of an application for a right-of-way, permit, lease, or conveyance described in subsection (a) of this section shall be pursuant to applicable law. Rights-of-way, grounds, and sites granted pursuant to this section and other applicable law shall conform, to the extent possible, to the standards provided in the Act of March 12, 1914 (43 U.S.C. 975 et seq.) and section 1202(6) of this title. Such conformance shall not be affected by the repeal of such Act under section 615 of this title.

**(c) Reversion to United States [Repealed.** Pub.L. 108-7, Div. I, Title III, §345(5), Feb. 20, 2003, 117 Stat. 418.]

*Reversion to the United States of any portion of any right-of-way or exclusive-use easement granted to the State or State-owned railroad shall occur only as provided in section 1209 of this title. For purposes of such section, the date of the approval of any such right-of-way shall be deemed the "date of transfer."*

(Pub.L. 97-468, Title VI, §609, Jan. 14, 1983, 96 Stat. 2556)

**1209. REVERSION [Repealed.** Pub.L. 108-7, Div. I, Title III, §345(5), Feb. 20, 2003, 117 Stat. 418.]

**(a) Reversion or payment to Federal Government for conversion to use preventing**

**State-owned railroad from continuing to operate**

*If, within ten years after the date of transfer to the State authorized by section 1203 of this title, the Secretary finds that all or part of the real property transferred to the State under this chapter, except that portion of real property which lies within the boundaries of the Denali National Park and Preserve, is converted to a use that would prevent the State-owned railroad from continuing to operate, that real property (including permanent improvements to the property) shall revert to the United States Government, or (at the option of the State) the State shall pay to the United States Government an amount determined to be the fair market value of that property at the time its conversion prevents continued operation of the railroad.*

**(b) Reversion upon discontinuance by State of use of any land within right-of-way;**

**criteria for discontinuance**

*If, after the date of transfer pursuant to section 1203 of this title, the State discontinues use of any land within the right-of-way, the State's interest in such land shall revert to the United States. The State shall be considered to have discontinued use within the meaning of this subsection and subsection (d) of this section when:*

*(1) the Governor of the State of Alaska delivers to the Secretary of the Interior a notice of such discontinuance, including a legal description of the property subject to the notice, and a quitclaim deed thereto; or*

*(2) the State has made no use of the land for a continuous period of eighteen years for transportation, communication, or transmission purposes. Notice of such discontinuance shall promptly be published in the Federal Register by the Secretary, the Secretary of the Interior, or the Secretary of Agriculture, and reversion shall be effected one year after such notice, unless within such one-year period the State brings an appropriate action in the United States District Court for the District of Alaska to establish that the use has been continuing without an eighteen-year lapse. Any such action shall have the effect of staying reversion until exhaustion of appellate review from the final judgment in that action or termination of the right to seek such review, whichever first occurs.*

**(c) Conveyances by United States subsequent to reversion**

*Upon such reversion pursuant to subsection (b) of this section, the Secretary of the Interior shall immediately convey by patent to abutting landowners all right, title and interest of the United States. Where land abutting the reverted right-of-way is owned by*

*different persons or entities, the conveyance made pursuant to this subsection shall extend the property of each abutting owner to the centerline of the right-of-way.*

**(d) Discontinuance by State of use of national park or forest lands; jurisdiction upon reversion**

*If use is discontinued (as that term is used in subsection (b) of this section) of all or part of those properties of the Alaska Railroad transferred to the State pursuant to this chapter which lie within the boundaries of the Denali National Park and Preserve or the Chugach National Forest, such properties or part thereof (including permanent improvements to the property) shall revert to the United States and shall not be subject to subsection (c) of this section. Upon such reversion, jurisdiction over that property shall be transferred to the Secretary of the Interior or the Secretary of Agriculture, as appropriate, for administration as part of the Denali National Park and Preserve or the Chugach National Forest.*

**(e) Payment into Treasury of United States of excess proceeds from sale or transfer of all or substantially all of State-owned railroad; limitations**

*Except as provided in subsections (a) through (d) of this section, if, within five years after the date of transfer to the State pursuant to section 1203 of this title, the State sells or transfers all or substantially all of the State-owned railroad to an entity other than an instrumentality of the State, the proceeds from the sale or transfer that exceed the cost of any rehabilitation and improvement made by the State for the State-owned railroad and any net liabilities incurred by the State for the State-owned railroad shall be paid into the general fund of the Treasury of the United States.*

**(f) Enforcement by Attorney General**

*The Attorney General, upon the request of the Secretary, the Secretary of the Interior, or the Secretary of Agriculture, shall institute appropriate proceedings to enforce this section in the United States District Court for the District of Alaska.*

(Pub.L. 97-468, Title VI, §610, Jan. 14, 1983, 96 Stat. 2556)

**1210. OTHER DISPOSITION**

If the Secretary has not certified that the State has satisfied the conditions under section 1203 of this title within one year after the date of delivery of the report referred to in section 1204(a) of this title, the Secretary may dispose of the rail properties of the Alaska Railroad. Any disposal under this section shall give preference to a buyer or transferee who will continue to operate rail service, except that--



**ALASKA RAILROAD CORPORATION**  
**CHAIRMAN, BOARD OF DIRECTORS**  
**TELEPHONE: (907) 265-2403**  
**FACSIMILE: (907) 265-2312**

December 17, 2010

Bonne' Woldstad  
P.O. Box 56702  
North Pole, Alaska 99705

Dear Ms. Woldstad:

You have asked the Alaska Railroad Corporation (ARRC) Board of Directors to support your efforts to obtain legislation that would direct disposal of certain railroad right-of-way on the railroad's Eielson Branch. It is your desire to see railroad right-of-way conveyed to adjoining landowners if and when the ARRC relocates its rail operations to a different location. While relocation is not imminent, ARRC has for many years conducted studies and other activities preliminary to such an effort and recently received \$1 million in federal funds through FMATS to complete the required environmental assessment. This is a very positive step, but the schedule for moving the railroad remains uncertain due to lack of construction funding (more than \$50 million is needed).

In the past, you have provided considerable testimony to the Board regarding your family's property at approximate Milepost 15 of the Eielson Branch. You believe the repeal of the reversion provisions of the Alaska Railroad Transfer Act had an adverse effect on your land interest. This section provided for reversion of railroad right-of-way to adjacent landowners in the event the land ceased being used for transportation, communication, or transmission purposes. In 2000, ARRC had asked the Alaska Congressional delegation for help in light of title questions arising from our first rail realignments near Anchorage and Seward, as well as a couple of spur line locations that had been unused since transfer in 1985. The simplest solution was to repeal that language, and the repeal became effective on February 20, 2003.

We understand that you and your family were not aware of the repeal until 2006 when ARRC proposed to close the Ruby Crossing at MP 15.17 and you were researching all the pertinent legal and historical arguments related to a closure. Since then, you and other family members have met or talked with ARRC staff numerous times about your concerns.

Both you and the Board have heard many times from railroad staff that the Eielson Branch was not a focus when the reversion repeal was sought. I can assure you it was not a factor for the Board during that effort. ARRC's General Counsel has taken the position that the legal effect, if any, of the repeal on the underlying title claims of

Ms. Bonne' Woldstad  
December 17, 2010  
Page 2 of 2

landowners along the Eielson Branch is not ripe for decision. Unless and until the right-of-way ceases to be used by the State for transportation, communication, or transmission purposes (which is broader than railroad purposes), the ARRC believes no vested claims would have been affected. However, we are not opposed to waiving a statute of limitations defense, so as to preserve any claim you currently have from this point forward if your legislative efforts are not successful. Our attorneys are still researching how this might be accomplished.

Equally important, I'd like to assure you that ARRC has no interest in retaining portions of the Eielson Branch right-of-way if rail operations are relocated elsewhere. ARRC is not the final decision-maker on use of this corridor because it is a State asset, not just a railroad one, under both the current law and the now-repealed reversion. Without other directions being given, we would turn jurisdiction of any vacated right-of-way over to the State. However, we will be happy to participate in any discussions with state officials on the subject. Further, we will not oppose your efforts to obtain a simple legislative direction regarding any future Eielson Branch relocation. Given that relocation is still many years down the road, there should be ample time for legislative and administration officials to fashion a fair and reasonable outcome.

Very truly yours,



John Binkley, Chairman

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 2  
Bill Version CSHB 146(RES)  
(H) Publish Date 3/29/11

Identifier (file name) HB146-DNR-LATD-03-20-11 Dept. Affected Natural Resources  
Title LAND TRANSFER FROM STATE AND ALASKA RR Appropriation Resource Development  
Allocation Land Acquisition & Title Defense  
Sponsor Rep. Wilson  
Requester House RES OMB Component Number 2459

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

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

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>							
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>				<b>*** INDETERMINATE ***</b>			
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by Wyn Menefee, Acting Director  
Division Mining, Land & Water  
Approved by Daniel S. Sullivan  
Department of Natural Resources

Phone 269-8501  
Date/Time 3/20/11 1:00 PM  
Date 3/20/2011

FISCAL NOTE #2

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB 146(RES)

**Analysis**

HB 146 creates a mechanism whereby, if the State of Alaska (SOA) and the Alaska Railroad Corporation (ARRC) discontinue use of the right-of-way (ROW) along the Alaska Railroad Corporation's Eielson Spur Line, the interest of the State of Alaska and the Alaska Railroad Corporation in the land within the ROW would revert to the abutting landowners. Under Section 2 of the bill, the reversion would only occur if (1) the governor issues a notice of discontinuance or (2) the SOA and the ARRC have made no use of the ROW for transportation, communication, or transmission purposes for 18 years.

Assuming neither condition is met, there would be no fiscal impact to the Department of Natural Resources. However, if either condition were met, determining (1) how the 98 property owners along the Eielson Spur line would be affected and (2) processing any resulting land disposals would require a significant effort by the state, possibly including surveys, title reports, appraisals, conveyances, hazardous materials reviews, and public notice, comment, and best-interest findings processes.

At a minimum, one new position (Natural Resource Specialist II (range 16) for 9 months at \$83,300/year = \$62,470) would be required to determine identities and contact addresses for the owners of the 98 properties along the ROW, review title history and conveyance documents for these properties, determine whether there exists a reversionary interest in each of the properties and whether surveys are sufficient to describe the properties affected, and prepare title reports. Depending upon the outcome of this initial work, there could be additional surveys, title reports, appraisals, conveyances, hazardous materials reviews, and public notice, comment, and best-interest findings processes. Estimating costs associated with this additional work is difficult, but could range from \$100,000 to \$150,000.

Because the fiscal impact to the Department is contingent upon the conditions outlined in Section 2 of the bill being met or not met, and because the total amount of work required if one of those conditions were met would be contingent upon what was discovered in initial assessment work, the fiscal impact to the Department is indeterminate.

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 1  
Bill Version CSHB 146(RES)  
(H) Publish Date 3/29/11

Identifier (file name) HB146-CCED-ARRC-2-25-11 Dept. Affected DCCED  
Title Land Transfer from State and Alaska Railroad Appropriation Alaska Railroad Corporation  
Allocation Alaska Railroad Corporation  
Sponsor Rep. Tammie Wilson  
Requester House Resources Committee OMB Component Number \_\_\_\_\_

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

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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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 (please identify)								
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost 0.0

**POSITIONS**

Full-time								
Part-time								
Temporary								

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Initial Version

Prepared by Wendy Lindskoog  
Division Alaska Railroad Corporation  
Approved by Susan K. Bell, Commissioner  
Commerce, Community, and Regional Affairs

Phone 907-265-2498  
Date/Time 2/25/11 2:00 PM  
Date 3/18/2011

FISCAL NOTE #1

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB 146(RES)

**Analysis**

Congress repealed a Right-of-Way reversion provision in the Alaska Railroad Transfer Act Section 1209 in 2003. HB 146 reinstates the reversionary right in State law for the Eielson Branch of the Alaska Railroad system and will not have a foreseeable cost to the Alaska Railroad.