

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8807 HOUSE TRANSPORTATION

HB

63

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO: HB 63

Revision Date: _____ Dept. Affected: Public Safety
 Title: Dog mushing vanity plates BRU: Motor Vehicles
 Sponsor: Representative Davies Component: Field Services
 Requestor: H. TRANS COMPONENT SERIAL NO. 0502

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	7.7					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	7.7	-0.	-0.	-0.	-0.	-0.
CAPITAL EXPENDITURES	-0.	-0.	-0.	-0.	-0.	-0.
CHANGE IN REVENUE (1004 Revenue Code)	7.7	-0.	-0.	-0.	-0.	-0.

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GE Match						
1004 GE	7.7					
1005 GE/Program Receipts						
1006 GE/MHTA						
Other						
TOTAL	7.7	-0.	-0.	-0.	-0.	-0.

Estimate of current year (FY 95) impact \$ _____

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS (Attach a separate page if necessary)

Contractual costs are associated with the design, ordering and purchase of 900 special request license plates. This type of special license plate must be ordered with a minimum order of 900 sets of plates. Because the order is for a relative small number of plates, the manufacture charges \$8.50 per set of license plates. The total operating cost is \$7.7.

The response and success of this type of license plate program is difficult to predict as it depends on the number of persons purchasing the special dog mushing license plates. This bill sets a one time fee of \$50.00 to purchase the plates. Approximately 155 sets of plates must be sold to recover the costs of this program. At such time, it can be determined the number of people who would purchase this type of plate, a revised fiscal note can be submitted to reflect new general fund revenue.

3/1/95 Prepared By: Juanda M. Hensley Phone: 485-2850
 Division: Motor Vehicles Date: 2/28/95
 Approved by Commissioner: Ronald L. Ote Date: 3-9-95
 Agency: Ronald L. Ote, Dept. of Public Safety

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CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 63(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES DAVIES, Bunde, Barnes, Willis, Elton, Toohey, James, Nicholia

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to special request licenses depicting the sport of dog mushing."

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

3 * Section 1. INTENT. It is the intent of the legislature that the division of motor vehicles
4 of the Department of Public Safety consult with dog mushing organizations when designing
5 special request plates authorized by this Act.

6 * Sec. 2. AS 28.10.181 is amended by adding a new subsection to read:

7 (s) Special request dog mushing plates. Upon application by the owner of a
8 passenger vehicle, noncommercial van or pick-up truck, or motor home, the department
9 may design and issue registration plates representing the sport of dog mushing in the
10 state. The department shall use the colors blue and gold in designing the registration
11 plates under this subsection. The department may disapprove the issuance of
12 registration plates under this subsection when the requested plates are a duplication of
13 an existing registration.

14 * Sec. 3. AS 28.10.421(d) is amended by adding a new paragraph to read:

15 (16) special request dog mushing plates \$50

1 plus the fee required for that vehicle under (b)(1) or (2) of this section; the fee
2 required by this paragraph shall be collected only on the first issuance and on the
3 replacement of special request plates; the commissioner of administration shall
4 separately account for the fees received under this paragraph that the department
5 deposits in the general fund; notwithstanding (g) of this section, the annual estimated
6 balance in the account that is in excess of the cost of issuing special request plates
7 may be appropriated by the legislature for the support of programs benefiting dog
8 mushing.

Alaska State Legislature

Legislative Committees:
Resources
Legislative Budget & Audit
Administration Regulation Review
Military & Veteran Affairs

Legislative Budget Subcommittees:
University of Alaska
Department of Natural Resources
Department of Law



119 N. Cushman Street Suite 207
Fairbanks, Alaska 99701
(907) 456-8172
FAX (907) 451-9293

While in Session
State Capitol
Juneau, Alaska 99801-1182
(907) 465-4457
FAX (907) 465-3519

Representative John Davies
District 29

SSHB 63 Dog Mushing License Plates Sponsor Statement

With recent attacks on our state sport, it is more important than ever for Alaskans to show their enthusiastic support for dog mushing. While not a musher myself, dog mushing is a sport I enjoy following very much. There is nothing quite like watching a good team moving quietly along the trails in Goldstream Valley near sunset. I am worried that the loss of financial backing for the long distance races like the Quest and the Iditarod will erode support for the whole sport.

For that reason, I introduced House Bill 63, which would allow the Department of Public Safety to issue dog mushing license plates. Clearly this bill is not going to solve all of the problems of the long-distance races, nor is it the most crucial issue facing the state. But it will encourage Alaskans to show their zest for mushing.

House Bill 63 would allow automobile owners to purchase specially designed license plates depicting some aspect of mushing. The extra \$50 fee will more than pay for the plates and any excess revenue would be appropriated to support dog mushing programs. Admittedly, the pool of money would be modest, but the real objective would be met by making dog mushing more visible on every street and parking lot in Alaska. Moreover, it gives nonmushers an opportunity to bolster the mushing community with a proud symbol of their support!

SPONSOR STATEMENT





Iditarod Trail Sled Dog Race

P.O. Box 870800 • Wasilla, AK 99687-0800 • (907) 376-5155 • Fax: (907) 373-6998

January 23, 1996

Dear Honorable Legislator:

On behalf of the Iditarod Trail Committee, Inc. (ITC), I am writing to express our support of House Bill 63 which would allow the Department of Public Safety to issue dog mushing license plates.

In 1972 the Legislature recognized dog mushing as Alaska's state sport. It did so to formally acknowledge the importance of dog mushing in Alaska's rich history and as a show of support for the sport on into the future.

By offering individual Alaskans an opportunity to display their own support for mushing through the purchase of special license plates, they too will have the opportunity to show their pride in our State and enthusiasm for dog mushing. Additionally, the funds generated through the sale of these plates will play an important part in ensuring the financial health of various dog mushing events and/or organizations.

Please vote in favor of HB 63 and show your support of Alaska's dog mushing as an integral part of our winter and summer activities.

Sincerely yours for,

The Iditarod Trail Committee, Inc.

Stan Hooley
Executive Director

MUSH WITH PRIDE

Providing Responsible Information on a Dog's Environment



Will Forsberg, President
Box 378
Healy, Ak. 99743

Rep. John Davies
State Capitol
Juneau, Ak., 99801-1182

Jan. 22, 1996

RE: Mushing license plates

Dear Rep. Davies,

On behalf of the 400 members of the Mush with PRIDE organization I would like to thank you for your support of sleddog sports and offer my support for H.B. 63, the mushing license plate bill.

This bill would give Alaskans the opportunity to support our state sport and would help to publicize dog sledding as well as promoting winter tourism. As the sport grows in Alaska programs such as the mushing license plates bill are needed to fund educational and promotional groups which benefit the entire sport and the state.

I urge all State legislators to support this bill.

Thank you,

A handwritten signature in cursive script that reads "Will Forsberg".

Will Forsberg



**Iditarod Champion
Jeff King
Goose Lake Kennels
P.O. Box 48
Denali Park, Alaska 99755**

**Rep. John Davies
State Capitol
Juneau, AK 99801-1182
January 23, 1996**

Dear Rep. Davies,

I support H.B. 63 which would allow the Dept. Of Public Safety to issue dog mushing licence plates within the state of Alaska. By supporting this bill we are supporting Alaska's state sport and will provide a positive avenue for raising revenue and attitudes that support dog mushing in our state.

Thank you for introducing this bill.

Happy Trials,

Jeff King

January 24, 1996

Rep. John Davies
State Capital
Juneau, Alaska 99801-1182

Dear Rep. John Davies,

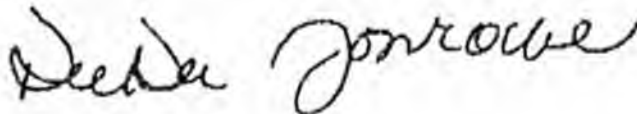
Thank you for introducing H.B. 63 that allows the Department of Public Safety to issue a dog mushing license plate within the State of Alaska. Dog mushing is uniquely Alaska's state sport, and I appreciate the opportunity for supporters to make a contribution in this way.

I think, the objective of the bill is another positive way to make our sport visible year round on every street in Alaska. It will also raise a modest amount of revenue to support mushing programs statewide.

I believe this bill will also advance the promotion of winter tourism and, in this way, assist in developing a more diverse economy for our state.

I would like you to express my support of this bill to the appropriate committees and appreciate your support of both my sport and my lifestyle.

Sincerely,



DeeDee Jonrowe
Jonrowe Racing Kennel
P.O. Box 272
Willow, Alaska 99688

Todd Hoener
Mushing Magazine
POB 149
Ester, AK 99725
907-479-0454 (office & fax)

Friday, 22 December 1995

Rep. John Davies
119 N. Cushman Ste 205
Fairbanks, AK 99701
907/456-8172

Dear Rep. John Davies,

I wish to express my support for H.B. 63 which would allow the Department of Public Safety to issue dog mushing license plates within the State of Alaska. As you are well aware, dog mushing is Alaska's state sport.

I believe, as is the objective of the bill, that this is another positive way to make mushing more visible on every street in Alaska and that it is a modest method for raising revenue that would go to support mushing programs.

This bill will also advance the promotion of winter tourism which the citizens of Alaska need to nourish to economically succeed.

Thank you for introducing this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Todd Hoener", with a long horizontal flourish extending to the right.

Todd Hoener
Publisher / Editor-in-Chief

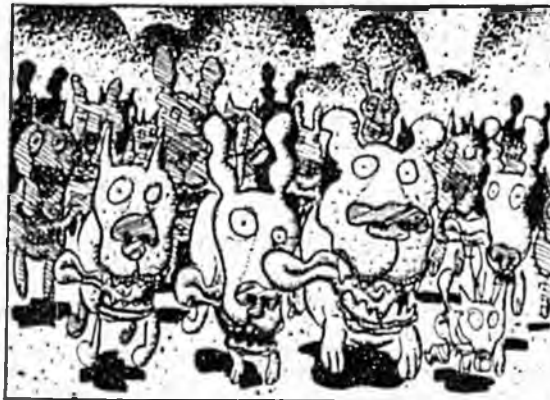
Mush on

Top 10 reasons to pass HB 438

OK, OK, so it's not exactly the most crucial issue before the legislature. But Rep. John Davies of Fairbanks has introduced a bill that would allow the state to issue license plates with a dog-mushing design. We like the idea.

Here's why:

10. It's not a grizzly bear. (OK, we liked the grizzly bear too, but we remember all the complaints that it looked like an oil derrick or a blob of dirt.)



9. It's optional. You'd only have it if you ponied up an extra \$50. (Actually, we'd like it if it weren't optional.)

8. The new plate would pay for itself — if it were popular enough. A minimum order is 900 plates, so if the plate doesn't sell, the state would have to pay for what sits in a warehouse. But surely at least 900 Alaskans want a dog-mushing plate.

7. Public safety officials who fear that too many different license plate designs would make it hard to spot a plate as Alaskan can rest easy. Who else would have a dog-sled plate — Oklahoma?

6. Rep. Davies has a fall-back position if the public safety types think dog-mushing license plates are dangerous: Plates with the letters DOG, followed by a random three numbers. (Cute, but we like the actual dogs better.)

5. The fee would go to a good cause: dog mushing. Money raised over and above the cost of the plate could be used to promote the state sport, start new races or help fund the Iditarod or the Yukon Quest.

4. Putting dog mushing on more stable financial footing frees Alaskans to — if need be — tell national sponsors to go jump in a lake (something Alaskans love to be able to tell Outsiders).

3. Most importantly, money raised could help keep dog mushing alive and Alaskan, maybe by encouraging Bush and Native mushers who find it increasingly expensive to compete in the big races.

2. Alaskans LOVE dogs.

1. Animal-rights types would HATE this plate.

HB

91

FISCAL NOTE

STATE OF ALASKA

BILL NO. HB91

1995 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act amending the area within designated BRU: Parks & Recreation Management
marine park units of the Alaska state park system, and adding marine.. Component: Parks Management
 Sponsor: Representative Robinson and Elton
 Requestor: _____ Component Serial No. 452

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
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	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ None

POSITIONS						
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Existing recreation use leaves trash and starts duff fires from poor fire site choice. Parks staff can assist in minor signing of boat launches and heavy use areas to encourage park visitors to take out trash and use good fire pits. Signage and occasional patrols can be done with no additional funding. Fire fighting is done by the U.S. Forest Service under statewide agreement. Volunteer groups have indicated their willingness to assist in trash clean-up.

Prepared by: Neil Johannsen, Director *Neil Johannsen* Phone: 762-2600
 Division: Parks & Outdoor Recreation Date: 5-Feb-95
 Approved by Commissioner: Neil Johannsen for M. Rutherford Act. Comm Date: 3/6/95
 Agency: Natural Resources

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Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE CAREN ROBINSON

SPONSOR STATEMENT

HB 91

House Bill 91 designates 13 islands in the Juneau area as a State Marine Park. The islands included in this parcel are located in Lynn Canal. The lands are currently held in public domain; none are under private ownership. These lands have been determined as unsuitable for real estate or resource development.

In 1977 the islands were nominated for selection by the City and Borough of Juneau for recreation purposes. In 1989 the State selected the Channel Islands from the federal government under the Alaska Statehood Act. Designation of these lands requires legislative action. Both the City and the State have identified protection of the islands as a priority in the Juneau Coastal Management Plan and the Juneau State Land Plan. A previous bill, introduced during the last legislative session, passed the House only to die in the State Rules Committee.

Establishing the lands as a state park would preserve the quality of existing and future recreational use. All existing lawful uses, including fishing, trapping and hunting are preserved under statute. The boundaries of the park would be at the 20-fathom line around each island. It is essential to institute a management system to preserve the existing recreational use and to accommodate future needs. Only State Park management can consolidate water, intertidal and upland uses into a single entity with adequate enforcement authority to protect as well as provide for safe use of these resources.

Creation of the Juneau Channel Islands State Marine Park is urgently needed and would be an outstanding addition to Alaska State Parks by providing an island complex unique to the State Park System.

Thank you for your consideration. I urge your support of House Bill 91.

SPONSOR STATEMENT

State Capitol Room 114
Juneau, AK 99801-0182

(907) 465-3744
Fax 465-6790



JUNEAU CHANNEL ISLANDS A STATE MARINE PARK PROPOSAL 1994

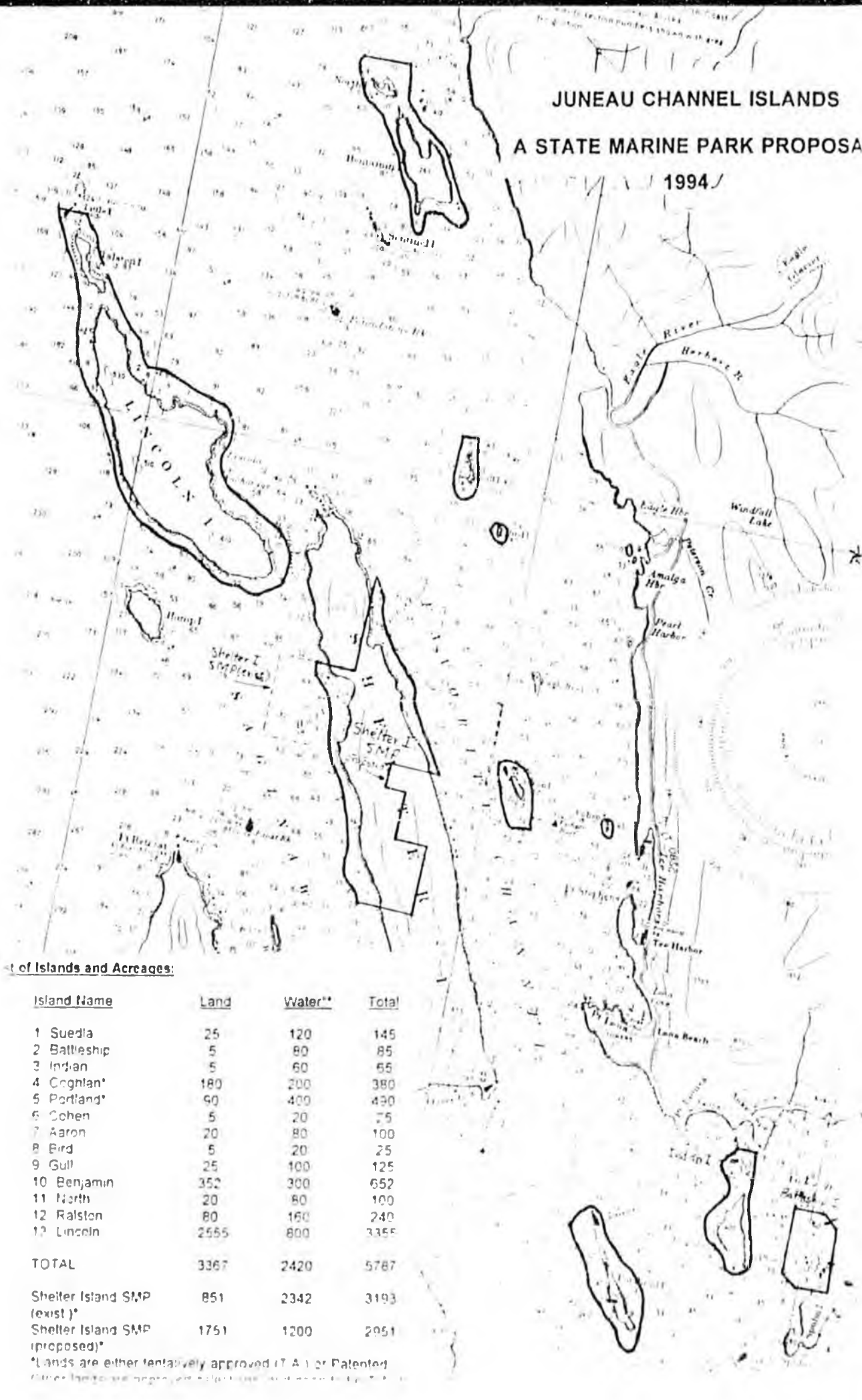


Table of Islands and Acreages:

Island Name	Land	Water**	Total
1 Suedia	25	120	145
2 Ball's Ship	5	80	85
3 Indian	5	60	65
4 Coghtlan*	180	200	380
5 Portland*	90	400	490
6 Cohen	5	20	25
7 Aaron	20	80	100
8 Bird	5	20	25
9 Gull	25	100	125
10 Benjamin	352	300	652
11 North	20	80	100
12 Ralston	80	160	240
13 Lincoln	2555	800	3355
TOTAL	3367	2420	5787
Shelter Island SMP (exist)*	851	2342	3193
Shelter Island SMP (proposed)*	1751	1200	2951

*Lands are either tentatively approved (T.A.) or Patented. Other lands are proposed but not yet approved.

ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION COMMITTEE
JUNEAU CHANNEL ISLANDS MARINE PARK

MARCH 29, 1995

THANK YOU MR. CHAIRMAN. MY NAME IS ALAN WALKER, I AM A PRIVATE CONSULTANT WITH ARCTIC ASSOCIATES INTERNATIONAL AND A RETIRED COAST GUARD OFFICER. I AM SPEAKING TODAY ON MY OWN BEHALF.

FIRST I'D LIKED TO STATE THAT I CONSIDER MYSELF TO BE PRO-DEVELOPMENT, WHILE MAINTAINING ENVIRONMENTAL SENSITIVITY AND A LONG RANGE VIEW TOWARD SUSTAINABLE DEVELOPMENT.

OVER THE PAST THREE DECADES I HAVE LIVED IN AND OBSERVED NUMEROUS COASTAL AREAS INCLUDING MANY OF THE ALASKAN COASTAL REGIONS. WE HAVE SOME OF THE MORE UNIQUE ECOSYSTEMS FOUND ANYWHERE IN THE WORLD. THE BILL BEFORE YOU TODAY WILL HELP TO PRESERVE A SMALL PORTION OF ONE OF THOSE ECOSYSTEMS FOR USE AND ENJOYMENT BY CURRENT RESIDENTS AND VISITORS, WHILE HELPING TO ENSURE FUTURE GENERATIONS HAVE THAT SAME OPPORTUNITY.

THERE IS A CURRENT TREND IN MANY AREAS OF THE UNITED STATES TO ATTEMPT TO RESTORE WETLANDS, GREENSPACE AND LOCALIZED ECOSYSTEMS TO PRE-DEVELOPMENT STATUS. THAT IS A DIFFICULT, TIME CONSUMING AND COSTLY PROCESS. IT IS BEING UNDERTAKEN BY NON-GOVERNMENTAL ORGANIZATIONS, CORPORATIONS AND MUNICIPALITIES. HB 91 WOULD BE ONE PREMPTIVE STEP TO AVOID ATTEMPTS AT COSTLY AND SOMETIMES FUTILE RESTORATION EFFORTS IN



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

• HB 91 MARINE PARKS ADDITIONS

- The Alaska Environmental Lobby supports the addition of thirteen islands in Favorite Channel and Auke Bay to the Alaska state park system.
- The City and Borough of Juneau and the State of Alaska have indicated in various planning documents that managing the islands for recreational use is a priority, and that active management is needed as the islands are heavily used and in danger of suffering further resource degradation.
- State park designation will provide for consolidated management of intertidal and upland resources with adequate enforcement authority.
- Creation of the Juneau Channel Islands State Marine Park would be an outstanding addition to the Alaska state park system, ensuring future quality recreational opportunities for local residents of the Juneau area and tourists.

3/29/95

J R C

JUNEAU RACQUET CLUB

TO	Mr. Gary Davis
FROM	John P. McConnochie
DATE	03-29-95
REMARKS	

03.29.95

Honorable Gary Davis
 Chair
 House Transportation Committee
 Alaska State Capitol
 Juneau, Alaska

Dear Representative Davis,

I am writing to you in my capacity as Chair of the Juneau Area State Parks Citizens Advisory Board to ask for your support of HB 91, the Juneau Channol Islands Marine Park.

My rationale for supporting this bill are two fold. First, the Juneau Marine Park would tie into a network of marine parks ranging from Washington, British Columbia and into Alaska. With more people taking "adventure" holidays this network of parks could elevate the number of tourists visiting our City.

Secondly the Marine Park would preserve the existing use of the Islands, which is mainly recreational, for many generaticns to come. To answer the question of those who think we are locking up this land I would respond in the following manner. I consider myself an advocate of business development but in the case of the Islands in question they would be very difficult to develop and there has been no indication to date of anyone wanting to do so.

Again I ask for your support for HB 91.

Yours sincerely

John P. McConnochie
 John P. McConnochie
 Owner
 Juneau Racquet Club

cc.
 Honorable Beverly Masak
 Honorable Bill Williams
 Honorable Jeannette Janna
 Honorable Jerry Sanders
 Honorable Tom Brice
 Honorable Eileen MacLean



**Alaska Rainforest Tours, 369 S. Franklin, Suite 200, Juneau, AK 99801
fax 907-463-4453, phone 907-463-3466**

March 28, 1995

Representative Gary Davis, Chair
House of Representatives
House Transportation Committee

Dear Representative Davis:

I urge all members of the Transportation Committee to support House Bill 91, creating the Juneau Channel Islands Marine Park. Creation of the Juneau Channel Islands Marine Park is an investment which benefits Juneau today and ensures public access to these islands for recreational purposes in the future.

As a tourism business owner, I know that tourism studies have shown that park designation enhances the marketability and value of tourism not just to the protected areas but to access points (such as Juneau) as well.

I grew up exploring the many islands which will be included in Juneau Channel Islands Marine Park and I place great value on protecting those islands so that I may continue to kayak, camp, picnic and enjoy them as wild and accessible places for the rest of my life. Thinking beyond, generations not yet born should have the same privilege to play and learn on these beaches.

Please promptly move HB 91 from committee with a "do pass" recommendation and support passage in a vote before the full House.

Sincerely,

Karla Hart
Partner

PHIL R. HOLDSWORTH, P.E.
CONSULTING ENGINEER & LEGISLATIVE COUNSEL
MINING — GEOLOGY — LANDS

PHONE 907-586-1383

326 FOURTH STREET, No 1009
JUNEAU, ALASKA 99801

April 10, 1991

Representative Fran Ulmer
Room 421, Capitol
P.O. Box V
Juneau, Alaska 99811

Dear Representative Fran Ulmer:

As you may recall, the undersigned testified in support of SB 114 before the Senate Resources Committee and explained in some detail the historical creation of the extensive State marine parks system which has been created. The State of Alaska had been authorized to select limited tracts of land within the National Forest for "community expansion" and "community recreation areas".

I was present when HB 131 was heard by the House Resources Committee but had not planned to testify, as DNR covered the issue and presented the map describing the islands involved. I was asked to confirm some positions which were questioned by the committee.

The marine park units covered by this bill are clearly "community" recreation areas, and are ideal for recreational use by the community of Juneau. The area described in the bill covers several small channel islands and a portion of Shelter Island. The land is still in Forest Service ownership but has been selected by the State, and will be approved for conveyance as the land certainly meets the qualification as "community recreation". There are no known mineral potentials on the involved islands and the Alaska Miners Association has expressed no opposition to the bill.

Sincerely,



Phil R. Holdsworth



ALASKA OUTDOOR COUNCIL, INC.

P. O. BOX 22394
JUNEAU, AK. 99802
(907) 463-3830

Mar. 29, 1995

Representative Gary Davis, Chair
House Transportation Committee
State Capitol
Juneau, Ak. 99801

Dear Representative Davis:

The Alaska Outdoor Council took a position several years ago in support of HB 91, which would amend the State Marine Parks system by adding the Channel Islands. We are still in basic support of this concept as long as the original statute's provisions for maintaining hunting, trapping and fishing opportunities remain intact.

The Alaska Outdoor Council traditionally supported many classifications of state lands when a demonstrated public objective would ensue. We have always supported broad use of public lands and will continue to do so.

We encourage the House Transportation Committee and the Legislature to pass HB 91. Thank you for this opportunity to present our views on this subject.

Sincerely,

Eddie Grasser
Legislative Affairs

cc: Rep. Caren Robinson
Rep. Beverly Masek
Rep. Bill Williams
Rep. Jeannette James
Rep. Jerry Sanders
Rep. Tom Brice
Rep. Eileen MacLean

Presented by: Mayor & Assembly
Introduced: 03/06/95
Drafted by: J.R.C.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 1752

A RESOLUTION SUPPORTING CREATION OF THE JUNEAU CHANNEL ISLANDS STATE MARINE PARK.

WHEREAS, it has been proposed that the State of Alaska establish the Juneau Channel Islands Marine Park composed of thirteen islands located in a 640-acre area in Favorite Channel and Auke Bay, and

WHEREAS, the thirteen islands in the proposed park include: Aaron, Battleship, Benjamin, Bird, Cohen, Coghlan, Gull, Lincoln, Indian, North, Portland, Ralston, and Suedla, and

WHEREAS, the park would be an outstanding recreational asset, offering breathtaking views of the Chilkat Mountains and the Juneau ice field, supporting many species of birds, sea mammals, fish, and deer, and providing safe and ready access for established groups of canoers, kayakers, boaters and other users, and

WHEREAS, designation of the area as a Special Purpose Site and withdrawal of the land to the management system of the State Division of Parks and Outdoor Recreation would be the most effective process for preserving existing recreational uses and accommodating future needs, and

WHEREAS, action by the Alaska Legislature is necessary to accomplish the withdrawal, and there is currently pending in the Legislature, HB 91 and SB 34 which propose to accomplish creation of the Juneau Channel Islands Marine Park and an addition to the existing Shelter Island State Marine Park, and


WHEREAS, the CBJ Parks and Recreation Advisory Board at its meeting of January 17, 1995, and the Assembly Lands Committee at its meeting of February 22, 1995, recommended that this resolution be adopted supporting establishment of the Juneau Channel Islands Marine Park;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the Assembly of the City and Borough of Juneau supports legislation that will create the Juneau Channel Islands State Marine Park.
2. The Clerk shall distribute copies of this resolution to the Alaska Legislative Delegation.

3. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 6th day of March, 1995.



Mayor

Attest:



Clerk

JUNEAU CHANNEL ISLANDS
A STATE MARINE PARK PROPOSAL



Presented by
The Juneau Area State Parks Advisory Board
1994

Introduction

Alaska has the opportunity to establish one of the most wonderful and exciting parks anywhere in the world right here in our capital city. Thirteen islands in Favorite Channel and Auke Bay near Juneau are proposed as the Juneau Channel Islands State Marine Park. This proposal also includes an addition to the existing Shelter Island State Marine Park (SMP). The marine park boundaries would be at the 20 fathom depth around each island, easily determined by most pleasure and all commercial boats.

Four of these islands are within the sheltered waters of Auke Bay and can be reached by canoe, kayak or rowboat in nearly any weather. Each has a long history of use by local youths and families for camping and picnicking. The other nine islands are further off shore and more exposed to storms. Recreation has always been their predominant use, and because of this use they were selected from and approved by the federal government for state ownership.

All but two islands have one or more sand or gravel beaches suitable for landing small boats. There is evidence of camping and picnicking at all of these beaches. All the islands have scenic headlands affording breathtaking views of neighboring islands against a spectacular backdrop of mountains and glaciers. A broad expanse of the Chilkat Mountains flank the area to the west, and the world famous Mendenhall Glacier, and the glaciers and peaks of the Juneau Icefield are visible to the east. Five of the islands are large enough to provide some hiking, and the rest are small enough to scramble all over in an hour or less. There are hills to 1,000 feet on the larger islands.

The islands, except one, are covered by typical rain forest vegetation including Sitka Spruce and Western Hemlock with a profusion of berry bushes and other undergrowth. Some of the islands show evidence of selective tree cutting. There are trails near the accessible beaches, and a few human artifacts, but the islands are essentially pristine and undeveloped.

Sea mammals are much in evidence in these waters. Seals to a hundred or more haul out on several of the beaches and there is a regularly used sea lion haulout at Benjamin Island. Humpback whales are often visible, especially in summer. The entire area is within Juneau's most popular sport salmon fishing waters, and boats are always nearby in summer. There is a resident deer population on three islands that provide some hunting.

Many species of birds nest on these islands including pigeon guillemots and black oyster catchers which do not nest on the nearby mainland. There are more than 90 bald eagle nests, and eagles are common year-round residents.

Need for Legislation:

Only the legislature can withdraw over 640 acres from the public domain and designate them as Special Purpose Sites (a state park) under the state's constitution. The island beaches of the proposed park are already heavily used for camping and picnicking and have nearly reached their capacity for self-regulated recreation. Litter is not yet a major problem but human waste is evident in the woods near popular campsites. Fires are often built on forest duff, killing some large spruce and causing peat fires which smolder for weeks. Juneau is rapidly becoming a major ecotourism destination, and commercial guides are likely to soon be competing with local residents for the limited beaches and campsites. It is essential to institute a management system of the type provided by the State Division of Parks and Outdoor Recreation to preserve the quality of existing recreational use and accommodate future needs. Only state park management can meet the need of combining water, intertidal and upland uses into one entity with adequate enforcement authority to protect the resources while providing for safe use. The need to protect these islands for recreational use is recognized by both the city and state plans: The Juneau Coastal Management Plan and the Juneau State Land Plan.



Objectives:

Creation of Juneau Channel Islands State Marine Park would be an outstanding addition to Alaska State Parks, providing an island complex not represented by other units of the Park system. The new park would fully satisfy statutory requirements for state marine parks including:

- 1) Maintaining natural, cultural, and scenic values;
- 2) Maintaining fish and wildlife resources and lawful existing uses of these resources;
- 3) Promoting and supporting recreation and tourism in the state.

Long Term Management:

A long term management plan for the islands as a park unit should be developed. As competition for use of these resources increases, it may become necessary to determine how the public would like these islands to be managed. Designations for day use vs. overnight camping, single campsites vs. group campsites, public vs. commercial use and capacity of the various islands to sustain different use levels may eventually need to be addressed. As use continues to increase improvements will be needed. Fire places, toilets, tables and gravel tent sites can enhance public use and can be sited to spread users thus accommodating more parties. A system of trails on the larger islands would enhance use and could also serve to spread people out. There is a potential for recreation cabins, especially on the larger islands where deer hunters as well as summer users would enjoy them. There may be a potential for some mooring floats at some of the islands. A small inter-island ferry, serving day users and campers, operated by a concessionaire, may some day be feasible.

The Division of Parks and Outdoor Recreation should develop a long term management plan. As improvements are added, normal state park user fees can be collected.

Land Ownership:

As part of the Statehood Act, the Federal Government allowed the State of Alaska to select 400,000 acres from National Forest lands as a land base. The acreages were to be selected from unencumbered federal lands and used for community expansion and/or community recreation purposes. All lands within this Marine Park proposal were selected by the State of Alaska as part of that land selection process.

As early as 1977 many of these islands were nominated for selection by the City and Borough of Juneau for recreation purposes. By June of 1989 this board, the Taku Conservation Society, the City and Borough of Juneau, and Alaska State Parks all nominated these islands for inclusion in a state marine park.

All surrounding marine water, tidelands and submerged lands are already owned by the State of Alaska. If not designated as a marine park, these recreational lands would be managed by the Division of Land. Division of Land selection documents indicate that the intent of the selection of many of these parcels was based on recognition of their current use and suitability for public recreation. Tentative Approval and Patents have been issued to the state on some already, and the Bureau of Land Management is expected to finish Tentative Approval (full management) within the next few months.

There are only two small parcels of private lands within the existing Shelter Island State Marine Park. This proposal does not include any private lands.

Juneau International Airport, through the Federal Aviation Administration, has existing rights and facilities on Coghlan Island. Any future need for facilities to provide safer landing would be of great benefit for the health and safety of all travellers, including tourists to the park.

Island Characteristics - Individual Island Descriptions

Aaron Island (0.4 mi. long)

Orth reports that the island was named in 1880 by Capt. L.A. Beardslee, USN, for "a relative of C.J. Vanderbilt, a local miner." DeArmond, however, indicates that there is no record of a local miner by the name of Aaron. Beardslee was friends with J.M. Vanderbilt for whom he named Vanderbilt Reef, but that family disclaims knowledge of any Aaron. DeArmond, instead suggests that the island was named for Aaron Cohen, a resident of Sitka and then Juneau, who owned and operated a brewery in both towns. DeArmond also believes that Cohen Island and reef were also named after Aaron Cohen.

The island consists mainly of cliffs and headlands. There is a small landing beach on the south end. There is also a small rocky islet at the NE end with a small beach. Dominant vegetation on Aaron Island is rain forest and the small rocky islet is covered with herbaceous vegetation (plants and flowers). Two Bald eagle nests are located on the island. There is a navigation light and a navigation reflector found on the island. Two picnic sites and one camp site are also located on the island.

Battleship Island (0.1 mi. across)

Apparently a local descriptive name first reported by DeArmond in 1957. The island is mostly a vegetated rock with steep sides and a fairly flat top. There is one poor landing beach where rocks have been cleared to aid in landing. Large trees are found on the top. Several camp sites and numerous trails and a lot of litter are present. Island appears to be used a lot by kids as well as adults. Island is readily accessible via sheltered waters. FAA plans to install aircraft navigation lights and electronics in 1995. Large numbers of crows roost on island at night.

Benjamin Island (1.5 mi. long)

Named by Capt. L.A. Beardslee, USN in 1880 when he visited the area. There are three excellent gravel beaches on the south end of the island. Each has one or more heavily used camp sites. There also is a good access beach with a campsite on the northeast side of the island. Primary vegetation is typical rain forest. An important sea lion haulout is located on the west side of the island.

Bird Island
(0.1 mi. across)

Named in 1880 by Capt. L.A. Beardslee and later published on USC&GS chart 728 in 1883. In February 1914, the schooner *W.H. Dimond* went aground on the island and was a total loss.

The island is mainly a rock about 60 feet high with stunted trees on the top. Steep cliffs on the south and west sides. East side of island is less steep and access is difficult but possible. Two Bald eagle nests are on the island. Ten to fifteen pigeon guillemot nests were observed on the cliffs in June and July. No evidence of human use on the island.



Cohen Island
(0.3 mile across)

Named by the USC&GS and published on chart 8300 in 1893. (See discussion under Aaron Island). Cliffs and headlands all around the island. No good landing sites. Rain forest vegetation and two Bald eagle nests present.

Coghlan Island
(1 mi. long)

Named by the USC&GS in 1885 in honor of Joseph Bullock Coghlan, USN, who commanded the *U.S.S. Adams* in a survey of the area in 1883-1884. In later years Coghlan commanded the *U.S.S. Raleigh* during the Philippines campaign of the Spanish American War, and served as commandant of the Puget Sound and New York Naval Shipyards. He rose to the rank of rear admiral and retired in 1906. He died in 1908.

An FAA navigation beacon is located on the northern point of the island. A small building with a tramway is also present on the island and is currently being used by the FAA. There are cliffs on the SW side and beaches on the NW and E sides. Beaches provide good access. The island is forested with a berry understory. There is evidence of fire damage. Pigeon guillemots nest on the NW side. Evidence of camping and picnicking. The island is accessible by sheltered waters and is reachable by small boats and kayaks in all seasons. Has significant deer population most years. Good littleneck and butter clam digging on north end.

Gull Island
(0.4 mi. across)

Named in 1880 by Capt. L.A. Beardslee, USN, because "it was covered by sea gulls." Name published by USC&GS in the 1883 Coast Pilot. There is an excellent sandy beach on the south end with a heavily used campsite.

Lincoln Island
(4.7 miles long)

Named in 1868 by Cmdr. R.W. Meade, USN, of the *U.S.S. Saginaw*, presumably for Abraham Lincoln, 16th. President of the U.S. Name published by the USC&GS in the 1883 Coast Pilot.

There are gravel and cobble beaches on the east side with low (30 ft.) headlands. A sandy beach with camp site is located on the southern end. The west side has cobly rocky beaches. It is exposed to winds and waves of Lynn Canal. The island consists of low, well forested hills, with open headlands on the east side and low herbaceous growth. According to USFWS records there are 17 Bald eagle nests on the island. Deer are also present. There are 5 or 6 good landing sites on the east side and south end, and all have evidence of camping and picnicking use.

Indian Island
(0.1 mi. across)

Local name published in 1962 by the USGS. There are two good landing beaches. The island is within 200 yards of the mainland and is accessible in all weather conditions. There are two shipwrecks, one is a wood fish scow abandoned in 1970 on the east shore.

In late 1950's and early 1960's it was a summer campsite of older natives. During that time they gathered herring roe on hemlock branches. At the same time there was a large herring pound between Indian Point and Indian Island for three months during the spring to harvest halibut bait and live sport fish bait. There are remnants of a Tlingit canoe way on the east beach. Large trees are on the island, one containing a Bald eagle nest. There is one much used campsite with quite a bit of litter.



North Island
(0.4 mi. long)

Named in 1880 by either Capt. L.A. Beardslee, USN, or by Cmdr. R.W. Meade, USN, in 1869. Name was published in the 1883 Coast Pilot by the USC&GS. A popular anchorage for commercial gillnetters fishing Mab Island and Berners Bay. Exposed to northerly winds and seas. There is an excellent beach on the South end that is a whale viewing area.

Portland Island
(1.1 mile long)

Named in 1880 by Capt. L.A. Beardslee, USN. Published in the 1883 Coast Pilot. An extensive reef with some vegetated hummocks is located on the northern end of the island. There is a campground with picnic tables located on the western side of the island. There is a very nice sand beach on the southwest corner, a beach on the east side, and a gravel beach near the northern reef. There are five bald eagle nests on the island and black oystercatchers nest on the reef. Other birds use the north reef for nesting and roosting.

Old stumps indicate some selective logging years ago. There is a poor trail across the southern end of the island. The FS picnic site consists of three tables with cement fireplaces, and an outhouse. All need maintenance.

Ralston Island
(1 mi. long)

Named for W.C. Ralston by Cmdr. R.W. Meade, USN, in 1868. Published in the 1883 Coast Pilot. A World War II CAA (now FAA) radio range station used to be located on the northern shore of the island. Remnants of the facility are still visible. Antenna and house on the north end, and dock pilings on south end with heavily overgrown road connecting them.

Landing beaches on south and east sides. Headlands on east side. Also extensive reefs on east side. Island is connected to Lincoln Island at low tides. Ralston Island is forested with some open meadows. There are two Bald eagle nests on the island. Camping and picnic sites located on the south end.

Shelter Island
(9 mi. long)

The island was named in 1869 by Cmdr. R.W. Meade, USN, and published in the 1883 Coast Pilot. There is already a designated marine park on Shelter Island adjacent to Shelter Cove. This addition would include the center portion with Shelter Lake. There is an old Forest Service cabin (not maintained) in the center parcel. Large sandy beach at Hand Trollers Cove. Also reported remnants of cabins at cove. The island is heavily timbered with spruce and hemlock and scattered groves of Alaska yellow cedar. Deer are common on the island and heavily hunted. Southern end of the island was homesteaded and the homestead was later subdivided and sold. Numerous private cabins are now located on the southern end of island, several miles from the proposed marine park addition.

Suedla Island
(0.3 mi. across)

Local name apparently formed by combining the initial letters of several names or words. Its origin is unknown. Also known as "Merlin's Island" by local residents. The main island has three small gravel beaches on the east side, but other sides are cliffs. There is a very good sand beach on the connected islet on the east side. The island is close to shore and has very protected waters. Main vegetation is large trees with typical undergrowth. Two Bald eagle nests are located on the island. Heavy picnicking and camping use are noted on the east islet. There are ruins of cabin and fox pens in the center of the island.

NOTE: Much of the general site and wildlife information was obtained from Advisory Board member visits to the various islands.

References

- DeArmond, R.N. 1989. Names on the Chart and how they got there. Commercial Art, Juneau, AK. 72 pp.
- Eppenbach, Sara, ed. 1979. The Centennial gazetteer: a guide to Juneau, Alaska place names. Gastineau Channel Centennial Association, Juneau, AK. 74 pp.
- Gibbs, Jim. 1971. Disaster Log of Ships. Bonanza Books, New York, NY. 176 pp.
- Orth, Donald J. 1967, reprinted 1971. Dictionary of Alaska Place Names. Geological Survey Professional Paper 567. U.S. Govt. Print. Office, Wash. DC. 1084 pp.
- United States Coast Guard, 1990 rev. Lighthouses and other aids to navigation in Alaska history. Seventeenth Coast Guard District, Juneau, AK. 87 pp.

Abbreviations Used

CAA -- Civil Aeronautics Administration
Capt. -- Captain
Cmdr. -- Commander
FAA -- Federal Aviation Administration
FS-- Forest Service
Lt. -- Lieutenant
USC&GS -- United States Coast and Geodetic Survey
USFWS -- United State Fish and Wildlife Service
USGS-- United States Geological Survey
USN -- United States Navy

HB

133

SPONSOR STATEMENT

SSHB 133

An Act relating to the Alaska transportation system and local review of public projects.

The life and vigor of a community depends on a transportation system that meets the needs of its citizens. Master transportation plans that sacrifice the character of communities and neighborhoods solely in favor of highways and motor vehicles do not serve the people.

In 1991, the U.S. Congress adopted revolutionary changes to the way federal highway funds are allocated and spent by state and local governments. The Intermodal Surface Transportation Efficiency Act (ISTEA) mandates broader citizen involvement in the transportation planning process. Also, for the first time, state and local transportation agencies are free to use federal highway funds for bus and rail transit and even trails and bike paths.

The purpose of HB 133 is to give all Alaskans greater input into planning and implementing transportation projects in their communities.

SSHB 133

- would draft a state transportation policy that reflects the goals of ISTEA and maximizes citizen involvement.
- would encourage the Legislature to provide 35% of federal highway funds to local governments for projects in their areas and 1% of federal highway planning money to local public and non-profit planning organizations.
- would require that every local transportation project funded by the Department of Transportation be reviewed and approved by local governments and regional citizens' advisory councils.

Alaska receives almost \$200 million per year in federal highway funds. About \$5 million is specifically earmarked for transportation planning. It is time to enhance local participation in planning the future of the Alaska transportation system.

SECTIONAL ANALYSIS

SSHB 133

An Act relating to the Alaska transportation system and local review of public projects.

The purpose of this legislation is to enhance local communities' ability to affect the state transportation planning process and to meet the transportation goals and objectives of Alaskans.

Sec. 1

- **First priority of the Department of Transportation is defined as the operation and maintenance of existing state system.**
- **The department should incorporate "northern design" technologies in planning and construction when practicable.**
- **Pedestrian, bicycle and other individual transportation modes should be incorporated as part of projects whenever practicable.**

Sec. 2

- **The department would have to annually report the estimated amount of federal funds it expects to receive and the amount of required state match.**
- **The annual report would include:
progress made in achieving goals, obstacles encountered,
status of approved or funded specific projects,
status of non site specific projects or programs,
the amount expended for each type and category of project in each borough and the unorganized borough,
the nature and extent of deferred maintenance, and
the manner and degree of success in meeting requirements and goals of federal transportation programs including the management systems defined in ISTEA.**
- **Based on the department's fiscal report, the Legislature could appropriate 35% of that total to boroughs or unified municipalities or to municipalities in the unorganized borough for local transportation projects.**

- When estimating project costs, the department would have to include "complete and true costs"-- construction, operation and maintenance over a 10-year period and the potential social and land-use costs.
- The department could make transportation planning grants to municipalities, villages, or nonprofit transportation planning organizations. The Legislature may appropriate 1% of federal and state match highway funds for this purpose.

Sec. 3

- Plans for transportation projects would have to be submitted for review to local municipalities, village councils and community councils.
- Municipalities and village councils would have to approve local state transportation projects.

Sec. 4

- Governor's waiver of local planning authority approval would be limited to non-transportation projects.

Sec. 5

- A State transportation policy would be established that includes strong economic, social and environmental principles, emphasizes efficiency and accountability, and provides for optimum local input and control.

Sec. 6

- Four regional citizen advisory councils--southeast, southcentral, northern, and western--would be established.
- The councils would report to the commissioner on the department's procedures for fulfilling its public involvement obligations under the federal Intermodal Surface Transportation Efficiency Act (ISTEA) and state law.
- The Commissioner would be required to inform the councils of reasons for not following their recommendations regarding planning and public involvement.

Sec. 7

- The department's long-range transportation plan would have to include:

- Comments and recommendations of the **citizen advisory councils** would be considered when developing the plan.

Sec. 8

- Public hearings of the **citizen advisory councils** would be part of the review and evaluation of the transportation plan.

Sec. 9

- Added to the 21 ISTEA planning requirements would be:

strategies to improve roads that support rural economic growth and tourism development, renewable resource management and multipurpose land management practices;

concerns of Alaska Native organizations.

- All projects and programs would require a **specific appropriation** by the Legislature.

- After July 1, 1997, no project or program could be included that had not been subject to review by a **regional citizen advisory council**.

COPPER COUNTRY ALLIANCE
HC60 BOX 306T
COPPER CENTER, ALASKA 99573
(907)822-3644

April 25, 1995

House Transportation Committee
c/o Representative Gary Davis
State Capitol
Juneau, AK 99801

Re: HB 133 (Alaska Transportation System & Local Review)

For the Record

Dear Committee Members:

I will be unable to participate in your public teleconference on this bill, but I would like to offer the following comments on why I like HB 133:

--It requires DOT to report to you the full costs of proposed transportation projects. Time and again in rural Alaska, we see road projects proposed without any consideration given to who will build and maintain outhouses for the road users, who will haul away the trash, and how funds will be provided for increased trooper and emergency medical services.

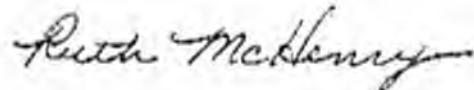
--It sets forth (Sec. 44.42.015) a sound state transportation policy.

--It incorporates (in Sec. 44.42.050) ISTEA's 23 planning factors. Each one of these factors makes good sense. Incorporating them into state law serves as an additional reminder to all of us--DOT, the legislature, the general public--to apply them.

Thank you for providing the public with the opportunity to discuss this bill by teleconference.

Sincerely,

COPPER COUNTRY ALLIANCE



Ruth McHenry, Treasurer

by FAX to (907)465-3835



Meet your neighbors ...

The Anchorage Trails and Greenways Coalition
1663 "H" Street, Anchorage, Alaska, 99601

April 25, 1995

Honorable Gary Davis, Chair
House Transportation Committee
Juneau, Alaska 99801

Dear Representative Davis:

The Anchorage Trails and Greenways Coalition is writing to comment in support of House Bill 133. We urge you to become a co-sponsor with your colleague Representative Kay Brown.

The Anchorage Trails and Greenways Coalition is an up and coming group of individuals and businesses organized just over a year ago to 1) encourage development of trails and greenways, 2) encourage local government to join in true partnership with its citizenry in make decisions that affect non vehicular travel, 3) advocate for appropriate northern design of trails and roads, so for example, trails aren't obligatory after thoughts that become non-functional in the winter, and 4) diversify our community's economic base by creating a more inviting, livable and prosperous city in summer and winter.

HB 133 will facilitate a local community's ability to affect the decisions that are being made for that community, especially as regards transportation. Transportation design greatly affects how a community is remembered by visitors, and how it will grow and survive.

By prioritizing bicycle, pedestrian, snowmobile, and other individual transportation modes into transportation projects, we will create communities that better serve all their residents. By enacting this legislation you are recognizing and institutionalizing the right of local citizens to carry weight in the decision making process. You are allowing the citizens to participate in identifying as well as funding the complete and true costs of transportation construction, operation and maintenance.

Thank you for the opportunity to comment.

Sincerely,

Ron Crenshaw, Chair
Anchorage Trails & Greenways Coalition, Inc.



Alaska State Legislature

Please enter into the record my testimony to the HOUSE TRANSFORMATION
committee name

committee on HB 133 , dated APRIL 26, 1995
bill/subject

THANK YOU FOR THE OPPORTUNITY TO TESTIFY ON HB 133, AS I AM NOT SURE I WILL BE AVAILABLE TO TESTIFY VERBALLY. I AM PREPARING THESE BRIEF WRITTEN COMMENTS.

(KIB)
THE KODIAK ISLAND BOATCLUB SUPPORTS THE CONCEPTS CONTAINED IN HB 133. THE KIB WAS AN ACTIVE PARTICIPANT IN THE PROPOSED REGIONAL TRANSFORMATION PROGRAM THROUGH ITS FORMER DISTRICT COMMISSIONER FRANK TURZO. WE BELIEVE HB 133 PROMOTES SOME OF THE SAME IDEAS OF LOCAL INVOLVEMENT AS PROVIDED FOR IN THE PROPOSED REGIONAL TRANSFORMATION PROGRAM.

WE UNDERSTAND THERE IS SOME CONCERN ABOUT IMPLEMENTING REGIONAL COUNCILS AS PROPOSED IN HB 133. FOR YOUR INFORMATION THE LEGISLATIVE REGION HAS A REGIONAL TRANSFORMATION PLANNING GROUP THAT COULD EASILY BE MODIFIED TO MEET THE REQUIREMENTS OF HB 133. THIS GROUP HAS BEEN SUPPORTED BY THE CITY OF KODIAK AND THE KODIAK ISLAND BOATCLUB, AS WELL AS SEVERAL

Signed: Linda L. Freed (LINDA L FREED)
Testifier

KODIAK ISLAND BOATCLUB
Representing (Optional)

710 MILL BAY ROAD, KODIAK AK 99585
Address

(907) 486-9300
Phone No.

AVCP

Association of Village Council Presidents
P.O. Box 219 • Bethel, Alaska 99559 • Phone 543-3521

April 26, 1995

House Transportation Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Re: SSB133 An Act relating to the Alaska transportation system and local review of public projects.

Dear Sirs:

We would like to express our support for passage of SSB133. This legislation would provide much needed improvements to the transportation system throughout Alaska, particularly rural Alaska.

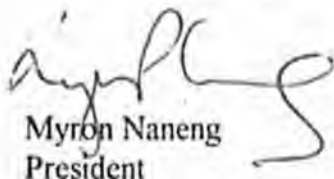
Transportation in rural Alaska is important also for meeting the basic water and sewer needs. Rural sanitation is closely tied to transportation developments. When a road is placed in a rural community, it not only helps provide for peoples basic transportation needs, it also helps provide access for water and sewer development in the community.

The bill provides very sensible approaches to the transportation needs. It provides a public process of designing not only policy for transportation through advisory councils, but consideration of other needs in rural Alaska, such as rural economic development.

This bill would provide substantial improvements of the transportation system throughout rural Alaska. We urge the legislature to pass this important legislation.

Sincerely,

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS, INC.
David O. David, Chairman


Myron Naneng
President

HB

136

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 136

Revision Date: _____ Dept. Affected: Office of the Governor
 Title: "An Act mandating the sale of the Alaska Railroad; and providing for an effective date." BRU: Executive Operations
 Sponsor: Representative Martin Component: Executive Office
 Requester: House Transportation COMPONENT SERIAL NO. 6

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
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						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact on the Governor's Office - see attached analysis.

Prepared by: Michael A. Nizich, Administrative Director Phone: 465-3876
 Division: Division of Administrative Services Date: 4/9/96
 Approved by Commissioner: Jim Ayers, Chief of Staff Date: 4/9/96
 Agency: Office of the Governor

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HB 136 Analysis:

HB 136 mandates the sale of the Alaska Railroad by the Governor. Costs associated with:

contracting for an appraisal of the fair market value of the railroad;

developing and adopting any regulations necessary for private operation of the railroad and implementation of the sale;

review and determination of the minimum purchase price necessary to ensure that the state will receive the amount of money spent in connection with the railroad;

developing a request for and evaluating proposals for purchase of the railroad;

and, development of a sales agreement transferring ownership of the assets and liabilities of the Railroad Corporation to a private entity;

would have no direct fiscal impact on the Executive Office. However, various Executive Branch agencies would be directed to carry out the mandates of HB 136 on behalf of the Governor, and these agencies could incur significant costs. The various agencies should be identified and submit the necessary fiscal notes for participation in the sale process.

It should be noted that HB 136 requires amendment of the various action dates - as the bill was introduced during the First Session of the Nineteenth Legislature, the existing language would require issuance of a request for purchase proposals prior to obtaining an appraisal and subsequent legislative review of the appraisal.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 136

Revision Date: _____ Department: Commerce and Economic Development
 Title: Act mandating the sale of the Alaska Railroad and BRU: _____
providing for an effective date. Component: _____
 Sponsor: Rep. Martin
 Requestor: House Transportation COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*	*	*	*	*	*
CAPITAL EXPENDITURES	*	*	*	*	*	*
CHANGE IN REVENUES	*	*	*	*	*	*

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY 96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

* See attached analysis

Prepared by: Robert Hatfield & James Blasingame Phone: 907-465-2500
 Division: Alaska Railroad Corp. Date: April 3, 1996
 Approved by Commissioner: William L. Hensley Date: 4-3-96
 Agency: Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB #136

Revision Date: 4/3/96 Dept. Affected: DOT&PF
 Title: *An Act mandating the sale of the Alaska Railroad; and providing for an effective date.* BRU: Office of the Commissioner
 Component: Commissioner's Office
 Sponsor: Representative Martin
 Requester: House Transportation COMPONENT SERIAL NO. #530

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There will be a **substantial cost** to the state in developing the proposal, preparing inventories, doing appraisals, and assessing hazardous materials. No estimates have been made.

Prepared by: Loren Rasmussen, P.E., Acting Director Phone: 465-2960
 Division: Engineering and Operations Date: 4/3/96
 Approved by: Joseph L. Perkins for Date: 4/3/96
 Agency: Department of Transportation and Public Facilities

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 136

Revision Date: _____ Dept. Affected: Department of Law
 Title: "An Act mandating the sale of the Alaska Railroad; and providing for an effective date." BRU: Civil Division
 Component: General Legal Services
 Sponsor: Representative Martin
 Requester: Transportation COMPONENT SERIAL NO. 2087

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	115.0	115.0	115.0			
TRAVEL	5.0	5.0	5.0			
CONTRACTUAL	14.0	14.0	14.0			
SUPPLIES	3.3	3.3	3.3			
EQUIPMENT	1.0	1.0	1.0			
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	138.3	138.3	18.3	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	138.3	138.3	138.3			
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	138.3	138.3	138.3	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME	1.0	1.0	1.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill provides that the governor shall issue a request for proposals (RFP) to purchase the Alaska Railroad and all other assets of the Alaska Railroad Corporation. The governor would further be required to enter into a sales agreement within eighteen months from the date the RFP is issued. The bill also provides that the Governor shall contract for an appraisal of the fair market value of the railroad and all of its assets. The results of the appraisal would be required to be submitted to the legislature. The governor would be required to evaluate each proposal to purchase the railroad as to whether the offerer will continue to operate the railroad after the sale, and whether the proposal assures the state will receive the amount of money it has spent in connection with the railroad.

The Department of Law believes that considerable legal advice will have to be provided to the governor to help implement the bill if it is enacted. This is to ensure that a sales contract meets the requirements of the bill, is fully defensible, and fully compensates the state for the amount of money it has spent in connection with the

Prepared by: Richard I. Peques, Director Phone: 465-3672
 Division: Administrative Services Division Date: 3/15/96
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 3/15/96
 Agency: Department of Law

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 136

ANALYSIS CONTINUATION:

railroad. Of even greater importance, legal advice will be necessary to shield the state from any post sales liabilities that may arise as a result of hazardous waste contamination, or labor relations claims.

We note that the department probably devoted two plus years of attorney time helping to arrange for the transfer of the Alaska Railroad from federal to state ownership several years ago. A similar effort will be required if the railroad is sold. Consequently, this fiscal note reflects the cost of three years of attorney time, plus travel, which is the minimum amount that will be needed if the bill becomes law. The services of a journey level Attorney IV will be required.

CS FOR HOUSE BILL NO. 136(TRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE MARTIN

A BILL

FOR AN ACT ENTITLED

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

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

4 " Section 1. SALE OF THE ALASKA RAILROAD. (a) The governor shall issue by
5 October 1, 1996, a request for proposals to purchase the Alaska Railroad and all other assets
6 of the Alaska Railroad Corporation that are necessary or convenient for the operation of the
7 railroad.

8 (b) By February 15, 1997, the governor shall enter into an agreement to sell the
9 Alaska Railroad to the most responsive offeror who agrees to

10 (1) continue operation of the railroad for a minimum of 20 years following the
11 date of sale of the Alaska Railroad;

12 (2) accept assignment of all contracts, including collective bargaining
13 agreements and retirement obligations and agreements with connecting carriers, shippers, or
14 other persons concerning services, operation, property, and facilities of the Alaska Railroad

1 Corporation, entered into by the Alaska Railroad Corporation and in effect on the date of the
2 sale of the Alaska Railroad, provided that the contracts are assignable under terms of the
3 contract or that the other parties to the contract consent to the assignment; and

4 (3) purchase the Alaska Railroad for an amount that exceeds either the fair
5 market value of the Alaska Railroad and the assets of the Alaska Railroad Corporation that
6 are necessary or convenient for the operation of the railroad or the amount that the State of
7 Alaska has expended to obtain, maintain, and subsidize the Alaska Railroad and the Alaska
8 Railroad Corporation.

9 (c) An agreement to sell the Alaska Railroad under this Act is subject to approval by
10 the legislature. Upon entering into an agreement to sell the Alaska Railroad, the governor
11 shall immediately submit the agreement to the legislature for review during a regular session
12 of the legislature. The legislature may disapprove the agreement by a concurrent resolution.
13 If the agreement is not disapproved by the legislature before the adjournment of the regular
14 session during which the agreement was submitted, the agreement is approved. An agreement
15 to sell the Alaska Railroad that has been disapproved by the legislature or that has not been
16 submitted to the legislature for review under this subsection is void.

17 (d) The Alaska Railroad Corporation may not enter into a contract or other agreement
18 that has the effect or purpose of substantially diminishing the value or marketability of the
19 Alaska Railroad.

20 (e) Notwithstanding other provisions of this Act, the State of Alaska shall retain an
21 easement for transportation, communication, and transmission purposes on all land within the
22 right-of-way of the Alaska Railroad received by the state under the Alaska Railroad Transfer
23 Act of 1982 (P.L. 97-468, Title VI; 96 Stat. 2556).

24 (f) The governor shall contract for preparation of a report on the fair market value of
25 the Alaska Railroad and all other assets of the Alaska Railroad Corporation that are necessary
26 or convenient for the operation of the railroad by a qualified railroad appraiser. The results
27 of the appraisal shall be submitted to the legislature by the 10th legislative day of the First
28 Session of the Twentieth Alaska State Legislature. A contract for the appraisal under this
29 section is exempt from AS 36.30.

30 (g) The governor shall report to the legislature by the 10th legislative day of the First
31 Session of the Twentieth Alaska State Legislature regarding the procedures established for and

1 the progress toward the sale of the Alaska Railroad as mandated by this Act.

2 (h) Upon the completion of the sale of the railroad, the governor shall dissolve the
3 Alaska Railroad Corporation. Real property of the Alaska Railroad Corporation that is
4 identified as not necessary or convenient for the operation of the railroad under sec. 2 of this
5 Act shall be transferred to, and managed by, the Department of Natural Resources upon
6 dissolution of the Alaska Railroad Corporation.

7 (i) The governor shall adopt regulations under AS 44.62 to implement this Act.

8 (j) The sale of the Alaska Railroad under this Act is not subject to AS 36.30 or
9 AS 42.40.

10 * Sec. 2. IDENTIFICATION OF ALASKA RAILROAD CORPORATION ASSETS. (a)
11 By August 1, 1996, the governor shall identify all assets, real and personal and tangible and
12 intangible, of the Alaska Railroad Corporation and classify those assets as necessary or
13 convenient for the operation of the railroad or as other assets of the corporation. The
14 governor shall submit the report to the Legislative Budget and Audit Committee.

15 (b) The Legislative Budget and Audit Committee may recommend amendments to the
16 identification or classification of assets listed in the report.

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

9-LS0438F
Utermohle
4/9/96

CS FOR HOUSE BILL NO. 136()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE MARTIN

A BILL

FOR AN ACT ENTITLED

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

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7 railroad.

8 (b) By February 15, 1997, the governor shall enter into an agreement to sell the
9 Alaska Railroad to the most responsive offeror who agrees to

10 (1) continue operation of the railroad for a minimum of 20 years following the
11 date of sale of the Alaska Railroad;

12 (2) accept assignment of all contracts, including collective bargaining
13 agreements and retirement obligations and agreements with connecting carriers, shippers, or
14 other persons concerning services, operation, property, and facilities of the Alaska Railroad

1 Corporation, entered into by the Alaska Railroad Corporation and in effect on the date of the
2 sale of the Alaska Railroad, provided that the contracts are assignable under terms of the
3 contract or that the other parties to the contract consent to the assignment; and

4 (3) purchase the Alaska Railroad for an amount that exceeds either the fair
5 market value of the Alaska Railroad and the assets of the Alaska Railroad Corporation that
6 are necessary or convenient for the operation of the railroad or the amount that the State of
7 Alaska has expended to obtain, maintain, and subsidize the Alaska Railroad and the Alaska
8 Railroad Corporation.

9 (c) An agreement to sell the Alaska Railroad under this Act is subject to approval by
10 the legislature. Upon entering into an agreement to sell the Alaska Railroad, the governor
11 shall immediately submit the agreement to the legislature for review during a regular session
12 of the legislature. The legislature may disapprove the agreement by a concurrent resolution.
13 If the agreement is not disapproved by the legislature before the adjournment of the regular
14 session during which the agreement was submitted, the agreement is approved. An agreement
15 to sell the Alaska Railroad that has been disapproved by the legislature or that has not been
16 submitted to the legislature for review under this subsection is void.

17 (d) The Alaska Railroad Corporation may not enter into a contract or other agreement
18 that has the effect or purpose of substantially diminishing the value or marketability of the
19 Alaska Railroad.

20 (e) Notwithstanding other provisions of this Act, the State of Alaska shall retain an
21 easement for transportation, communication, and transmission purposes on all land within the
22 right-of-way of the Alaska Railroad received by the state under the Alaska Railroad Transfer
23 Act of 1982 (P.L. 97-468, Title VI; 96 Stat. 2556).

24 (f) The governor shall contract for preparation of a report on the fair market value of
25 the Alaska Railroad and all other assets of the Alaska Railroad Corporation that are necessary
26 or convenient for the operation of the railroad by a qualified railroad appraiser. The results
27 of the appraisal shall be submitted to the legislature by the 10th legislative day of the First
28 Session of the Twentieth Alaska State Legislature. A contract for the appraisal under this
29 section is exempt from AS 36.30.

30 (g) The governor shall report to the legislature by the 10th legislative day of the First
31 Session of the Twentieth Alaska State Legislature regarding the procedures established for and

1 the progress toward the sale of the Alaska Railroad as mandated by this Act.

2 (h) Upon the completion of the sale of the railroad, the governor shall dissolve the
3 Alaska Railroad Corporation. Real property of the Alaska Railroad Corporation that is
4 identified as not necessary or convenient for the operation of the railroad under sec. 2 of this
5 Act shall be transferred to, and managed by, the Department of Natural Resources upon
6 dissolution of the Alaska Railroad Corporation.

7 (i) The governor shall adopt regulations under AS 44.62 to implement this Act.

8 (j) The sale of the Alaska Railroad under this Act is not subject to AS 36.30 or
9 AS 42.40.

10 * Sec. 2. IDENTIFICATION OF ALASKA RAILROAD CORPORATION ASSETS. (a)
11 By August 1, 1996, the governor shall identify all assets, real and personal and tangible and
12 intangible, of the Alaska Railroad Corporation and classify those assets as necessary or
13 convenient for the operation of the railroad or as other assets of the corporation. The
14 governor shall submit the report to the Legislative Budget and Audit Committee.

15 (b) The Legislative Budget and Audit Committee may recommend amendments to the
16 identification or classification of assets listed in the report.

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

CS FOR HOUSE BILL NO. 136()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE MARTIN

A BILL

FOR AN ACT ENTITLED

1 "An Act mandating the sale of the Alaska Railroad; and providing for an
2 effective date."

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

4 * Section 1. SALE OF THE ALASKA RAILROAD. (a) The governor shall issue by
5 July 1, 1997, a request for proposals to purchase the Alaska Railroad and all other assets of
6 the Alaska Railroad Corporation. The governor shall evaluate each proposal to purchase the
7 Alaska Railroad as to whether the offeror will continue to operate the railroad after the sale
8 and whether the proposal assures that the state will receive the amount of money it has spent
9 in connection with the railroad.

10 (b) By January 1, 1999, the governor shall enter into an agreement to sell the Alaska
11 Railroad to the most responsive offeror.

12 (c) The governor shall contract for an appraisal of the fair market value of the Alaska
13 Railroad and all other assets of the Alaska Railroad Corporation by a qualified railroad
14 appraiser. The results of the appraisal shall be submitted to the legislature by the 10th

1 legislative day of the First Session of the Twentieth Alaska State Legislature. A contract for
2 the appraisal under this section is exempt from AS 36.30.

3 (d) The governor shall report to the legislature by the 10th legislative day of each
4 regular session of the Alaska State Legislature regarding the procedures established for and
5 the progress toward the sale of the Alaska Railroad as mandated by this Act.

6 (e) Upon the completion of the sale of the railroad, the governor shall dissolve the
7 Alaska Railroad Corporation.

8 (f) The governor may adopt regulations under AS 44.62 to implement this Act.

9 (g) The sale of the Alaska Railroad under this Act is not subject to AS 36.30 or
10 AS 42.40.

11 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

REPRESENTATIVE
TERRY MARTIN
CHAIRMAN
BUDGET & AUDIT COMMITTEE
MEMBER
HOUSE FINANCE COMMITTEE

Alaska State Legislature



MAY 15 - JAN 15 258-8169
716 W. 4TH, SUITE 650
ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783
STATE CAPITOL
JUNEAU, AK 99801-1182

HOME 333-6990
355 DONNA DRIVE, #11
ANCHORAGE, AK 99504

SECTIONAL ANALYSIS CSHB 136 ()

"An Act mandating the sale of the Alaska Railroad."

Section 1.

- (a) States that the governor shall issue a request by October 1, 1996, for proposals to purchase the Alaska Railroad and all other assets of the Alaska Railroad Corporation necessary or convenient for operation of the railroad.
- (b) Requires that by February 15, 1997, the governor will enter into an agreement for the sale with the most responsive offeror that agrees:
 - (1) to continue operation for 20 years;
 - (2) accepts all contracts including collective bargaining and retirement obligations, provided the contracts are assignable and the other parties agree;
 - (3) purchase the railroad and assets at an amount exceeding fair market or an amount that the State has expended to obtain, maintain and subsidize the Alaska Railroad and ARRC.
- (c) Requires legislative approval after agreement has been made between governor and offeror. If agreement is not disapproved by the legislature before adjournment of the regular session, approval is confirmed. Disapproval requires passage of a concurrent resolution.
- (d) Prohibits the ARRC from substantially diminishing the value or marketability of the Alaska Railroad through any contract or agreement.
- (e) Maintains State retention of easements for transportation, communications, and transmission purposes on all land within the right-of-way of the AR received under the Alaska Railroad Transfer Act of 1982.
- (f) Requests governor to prepare a report on the fair market value of the AR and its assets by a qualified railroad appraiser and submit to the legislature by the 10th day of the First Session of the Twentieth Legislature.



- (g) Requests the governor to report on the procedures and progress of the sale by the 10th day of the First Session of the Twentieth Legislature.
- (h) Requests the governor to dissolve the ARRC upon completion of the sale and transfers unidentified (unsold) real property to DNR management.
- (I) Requires the governor to adopt regulations implementing legislation.
- (J) Provides that the sale is not subject to the State Procurement Code (AS 36.30) or the Alaska Railroad Corporation (AS 42.40).

Section 2.

- (a) Requires the governor to identify all ARRC assets and classify those assets necessary for the operation of the railroad accordingly by August 1, 1996. Requires submittal of the report to the LB&A Committee.
- (b) Allows the LB&A Committee to amend the identifications or classifications of assets in report.

Section 3.

Requires the Act to take effect immediately.

REPRESENTATIVE
TERRY MARTIN
CHAIRMAN
BUDGET & AUDIT COMMITTEE
MEMBER
HOUSE FINANCE COMMITTEE

Alaska State Legislature



MAY 15 - JAN 15 258-8169
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STATE CAPITOL
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SPONSOR STATEMENT

HB 136

"An Act mandating the sale of the Alaska Railroad."

Under the Alaska Railroad Transfer Act of 1983, the Alaska Railroad was transferred to the State of Alaska on January 6, 1985. Within ten years of the date of transfer, railroad-owned land could have been purchased by a private entity, subject to restrictions on the State by the federal government. The provision preventing disposal of the land expired on January 7, 1995.

In view that the federal restrictions on transfers have ceased to apply, this is an opportune time to work with current private bidders at selling the Alaska Railroad. With that line of thought, HB 136 provides the mechanism through which the process of the sale can be initiated. The parameters, which are set in the bill, distinguish a clear relationship between the governor and the legislature with regards to the bidding, overview and sales process.

In reference to the reasoning and justification of the sale, the bottom line is that the State's powers should not be broadened in such a manner that private enterprise activity is infringed upon. Past profit disclosures by the railroad have shown significant earnings through real estate transactions. As for the transportation operations, which is realistically the underlying purpose for the ARRC's inception, there have been significant losses reported in the last 6 years.

An audit by Mercer Management Consulting of Lexington found "the ARRC management to be somewhat fragmented, without a team focus, and apparently comfortable with the status quo", as stated in the Alaska Journal of Commerce. In addition, business clientele of the railroad, as well as competing enterprises have expressed concerns towards the ARRC (a state owned corporation), possessing the ability to generate revenues through real estate payments. Hence, it is time to privatize this arm of state government, allowing private bidders to purchase the organization, thereby allowing our free market system to flourish, while successfully reducing another segment of our oversized governmental bureaucracy.



SPONSOR STATEMENT

REPRESENTATIVE
TERRY MARTIN
CHAIRMAN
BUDGET & AUDIT COMMITTEE
MEMBER
HOUSE FINANCE COMMITTEE

Alaska State Legislature



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STATE CAPITOL
JUNEAU, AK 99801-1182

HOME 333-6990
355 DONNA DRIVE, #11
ANCHORAGE, AK 99504

SECTIONAL ANALYSIS HB 136

"An Act mandating the sale of the Alaska Railroad."

Section 1.

States that the governor shall issue a request by July 1, 1997, for proposals to purchase the Alaska Railroad and all other assets of the Alaska Railroad Corporation. Requires that the governor will evaluate the proposals and will oversee that the State receives adequate compensation.

By January 1, 1999, the governor will enter into an agreement for the sale with the most responsive offeror. In addition, the governor shall contract with an appraiser and the report submitted will be distributed to the legislature by the 10th day of the First Session of the Twentieth Alaska State Legislature. During each legislative session, by the 10th legislative day he shall give a report regarding the progress of the sale. Upon the completion of the sale, the governor shall dissolve the Alaska Railroad Corporation.

Section 2.

Requires the Act to take effect immediately.



Keep w/
copy of
our letter.

DENNIS R. WASHINGTON

101 INTERNATIONAL WAY
POST OFFICE BOX 8182
MISSOULA, MONTANA 59807
TELEPHONE (406) 523-1500
FAX (406) 523-1399

October 4, 1995

President Drue Pearce
716 West 4th Avenue, Suite 500
Anchorage, Alaska 99501-2133

Dear President Pearce:

I am writing to you to indicate my strong interest in purchasing The Alaska Railroad Corporation (ARRC). I am simultaneously sending a copy of this letter to the Chairman of the railroad, Governor William Sheffield, and asking his advice on how we should proceed to achieve this goal.

My interest in ARRC stems from my broad interest and involvement in transportation logistics and my feeling that upgraded and modernized systems can contribute greatly to a region's economy. At present I am the principal owner of Montana Rail Link, a major regional railroad, that has brought upgraded transportation service to the State of Montana and materially enhanced the local economy. I am also heavily involved in tug and barge activities in the Pacific Northwest and British Columbia and extending into Alaska.

My specific reason for this proposal stems from my deep interest in the economic development of Alaska. It is my feeling that the State's economy could benefit greatly from an improved and modernized railway system and I am prepared to commit to an upgrading of the railroad. I can also envision that with the involvement of Canadian interests we can work towards the construction of a railroad that connects Alaska with the lower states and ultimately into a PanAmerican Railway system. It is clear to me that a worldwide Global Intermodal System is taking shape and I believe it is essential for the economy of Alaska that the State become an integral part of the network.

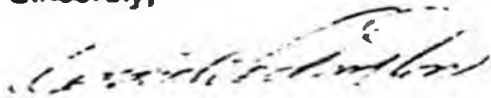
BACK-UP

President Drue Pearce
October 4, 1995
Page 2

I would like to be clear from the outset that my interest lies primarily in the transportation aspects of ARRC and utilizing all of the Company's assets to enhance operation of the system. I am prepared to commit to investing to upgrade the railroad and to work with the State Government to plan for service levels that will facilitate the State's economic development. My vision for the railroad encompasses imaginative passenger service offerings and real estate development activities that will help build the tourist trade as well as efficient freight service incorporating the most up-to-date intermodal concepts.

I would relish the opportunity to discuss this proposal with each of you and answer any questions you may have. I am prepared to dedicate the analytical and financial resources necessary for the evaluation and consummation of the proposed transaction. My staff and advisors have extensive acquisition experience in the transportation industry and are confident that we can move quickly in evaluating ARRC. I look forward to hearing from you.

Sincerely,



Dennis Washington

/ke

DIVISION OF LEGAL SERVICES**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

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

240 Main Street, Suite 500
Juneau, Alaska 99801-2171

MEMORANDUM

November 9, 1992

SUBJECT: Alaska Railroad Transfer Act: Restriction on the sale of the Alaska Railroad (Work Order No. 18-LS0177)

TO: Representative Terry Martin
ATTN: Tom Anderson

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum summarizes the provision of the federal Alaska Railroad Transfer Act (P.L. 97-468, Title VI) that restricts the ability of the legislature to sell the state-owned Alaska Railroad.

The Alaska Railroad Transfer Act became law January 14, 1983. The Act set out the terms under which the Alaska Railroad would be transferred to the State of Alaska. Ownership of the railroad was transferred to the state January 6, 1985.

The federal Act contains two provisions restricting the ability of the state to profitably dispose of the railroad within certain time periods following the transfer of the railroad to the state. One of those provisions has already expired; the other provision will expire in a few more years.

If, within ten years after the date of transfer to the State . . . , the Secretary finds that all or part of the real property transferred to the State under this title, . . . , is converted to a use that would prevent the State-owned railroad from continuing to operate, that real 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.

P.L. 97-468, sec. 610(a); 45 U.S.C. 1209(a).

Representative Terry Martin
November 9, 1992
Page 2

The apparent purpose of this provision is to discourage the state from disposing of railroad land in a manner that will cause the state-owned railroad to cease operation during the first ten years following the transfer. It is unclear as to what events would cause this provision to become operative. The phrase "prevent the State-owned railroad from continuing to operate" is particularly unclear. Does the phrase refer just to disposals of real property that would prevent the entire railroad from operating or just part of the railroad, such as between Anchorage and Whittier or Fairbanks and Eielson Air Force Base? Does this provision prevent the disposal of revenue producing land not used for the actual operation of the railroad if the disposal would endanger the long term financial viability of the railroad or does it refer only to disposal of land actually used for railroad operations?

It is evident that this provision virtually precludes any transfer of the railroad to private ownership that included a transfer of railroad land, because the transfer of the railroad to private ownership would prevent the state-owned railroad from continuing to operate. Though this provision is triggered only by the disposal of real property and thus could be avoided by not disposing of real property, it is difficult to envision anyone wanting to buy the railroad if they did not also get the land and buildings used by the railroad.

The ambiguity of this provision places a cloud over any disposal of railroad land until January 7, 1995 when this provision expires.

I am providing this information to you so that you are aware of this temporary impediment to profitable disposal of the Alaska Railroad.

If I can provide further assistance, please advise.

GU:gc
92-508.glc

'We lost \$2 million in transportation and earned about \$4 million in real estate'

By Rose Ragdale
Alaska Journal of Commerce

Alaska Railroad Corp., on track in 1992 with a \$2.3 million profit and much, much more, could do even better in the years ahead, says railroad chief Bob Hatfield.

"If you look at our transportation business, we either win or lose about \$2 million every year," Hatfield told members of the Resource Development Council Jan. 28.

"We lost \$2 million in 1992 on the transportation side and earned about \$4 million on the real estate side. We believe we can make the transportation side profitable, particularly in our passenger service, which is so close to becoming profitable."

Also in 1992, Alaska Railroad Corp. co-ventured a new hotel, launched a major redevelopment project, nearly broke even on its passenger services, offered a helping hand to Alaska's beleaguered coal exporter and managed to extend a six-year profits streak, netting \$2.3 million.

Behind the scenes, the state-owned railroad's managers overhauled sev-



Alaska Railroad train near Umbell Coal Mine

PHOTO BY FOCUS NEWS

road of significance in Alaska, we're in an enormously competitive environment," Hatfield said. "We're moving enough petroleum for a pipeline, which has been pointed out to us. We compete with Sea-Land, which also is a customer. . . . We're concerned that air freight will nibble at the edges of the railroad's business," he said.

Hatfield said developing Alaska's resources is part of the railroad's mission, but hanging on to the business it already has is a more immediate challenge.

He cited recent difficulties of customers Suneel Corp. and Umbell Coal Mine, which currently export coal to Korea from the Interior and account for 11 percent of the railroad's annual revenue. Although demand for energy world wide is up, coal prices have declined in recent years. Coal exports from Indonesia, South Africa, Australia, Canada and other U.S. competitors are vying for a piece of the Korean market.

"There's a limit to what (we) three players in the coal exporting business can take," Hatfield said. "Last year, we lost \$3 million, and we didn't take it in even hits."

"If Suneel ceases its operation, the Korean Wishbone Hill coal project would be threatened," he said. "Coal exports in the Pacific Rim is like baseball — If you're already in the game, you can play through to the end, but if you're on the sidelines, it's nearly impossible to get back into the game."

Both Mercer's audit and Hatfield cited concern about the significant decrease in 1992 in drilling equipment and other oil field supplies being shipped to the North Slope.

Not all railroad markets are eroding. Hatfield said timber traffic is

increasing and should equal or exceed last year's 500 million board feet shipped in 1993.

Newer, more fuel-efficient cars would make the company more competitive, he said. The company plans to spend \$14 million on capital equipment this year.

Among the railroad's other challenges:

- Talkeetna residents are starting a referendum to prohibit use of weed killers on state land, but efforts to avoid using weed killers beyond a certain point are not practical, Hatfield said.

- Two bills introduced in the Legislature call for the governor to sell the railroad because it is a state-owned company competing in the private sector.

"The effect of such a move is ex-



The audit team found a dramatic improvement in the railroad's management compared with a year ago.

eral key departments, hired a new operations chief, pared its work force and tackled other tough problems.

Yet the results of a recent independent management audit and Hatfield suggest the transportation company can do even better.

According to performance auditor Mercer Management Consulting of Lexington, Mass., " . . . the most important challenge facing the railroad involves maintaining the soundness of (its) markets and its existing sources of profitable traffic and developing new sources of profitable traffic at the same time."

Mercer said its audit team found a dramatic improvement in the railroad's management compared with conditions a year earlier. "Then, Mercer found the ARRC management to be somewhat fragmented, without a team focus, and apparently comfortable with the status quo," the consultant wrote in a 59-page draft report.

Competition is compelling change at the Alaska Railroad.

"Even though we're the only rail-

road, it's extremely unsettling for our employees, customers and the banks," Hatfield said. "We're going to sit down to negotiate a contract with Masco soon. Imagine the effect those bills can have on those negotiations."

Moreover, the railroad's \$21 million debt burden would present significant difficulties for a buyer, he said. However, efforts to bring politics back into the railroad's sphere of influence with such legislation could end up scaring away potential future customers such as Iderutsu Kosan, the Korean owner of Wishbone Hill.

Said Hatfield: "There is no way a transportation company can survive without being extremely focused on the tasks at hand. We could end up losing our focus on business if we get into the social engineering required to deal with things like this."

POSITION PAPER / Alaska Railroad CorporationPosition PaperHB-136

This proposed legislation requests the Governor to issue requests for proposals to purchase the Alaska Railroad Corporation.

It further mandates the Governor to evaluate each proposal to determine whether each will continue to operate the Railroad after the sale and whether the proposal assures that the state will receive the amount of money it has spent in connection with the Railroad.

Analysis

What the proposed bill does not say is exactly what is for sale and what sort of process will be established for the State to negotiate a sale agreement with a potential buyer.

In the best interests of both the State of Alaska and the Alaska Railroad we believe certain ground rules should be established by the Legislature. A great number of questions arise in all areas of the Railroad's business. For example, could the new owner purchase all of the real estate; would the new owner be required to operate unprofitable segments of business such as passenger service during winter months to remote areas of the rail corridor? Will the new owner be required to service future state-funded expansions of the rail system?

Marketing

What will assure at least informal State oversight of anti-competitive railroad operations under private ownership? Would the new owner be required to be responsive to serving local freight and municipal needs? To what extent will a privately-owned Railroad participate in unprofitable traffic flows based solely upon "economic development and jobs"?

Passenger Service

Will the State retain control of rail passenger service along the existing rail corridor? Will it be economically feasible for the new owner to operate a passenger service? Will the State subsidize any loss which the new owner may endure? Will the State regulate rates for passenger service? What level or frequency of passenger service will the State require of the new owner?

Employees

Would the new owner be required to honor existing employee labor agreements?

Appraisal Costs

In its present form, the proposed legislation does not address who pays for the appraisal costs if it is determined by the Legislature and Governor that the Alaska Railroad is to be sold to a private operator. As a matter of background, the U.S. Government expended approximately \$1.7 million to determine the fair market value of Railroad's operations, its physical plant, real estate assets, operating inventory and certification of its financial records prior to its transfer to the State from Federal ownership. Likewise, the State of Alaska spent approximately \$2.0 million for acquisition facilities assessments, legal advice, analysis of the USRA (United States Railway Association) evaluation and the Transfer Report.

In summary, the Alaska Railroad Corporation does not have available funds to pay for this kind of expense. All of the Corporation's earned net operating funds are critical to both the operation and capital improvements of the Railroad. Historically, all net income has been reinvested into maintaining the rail corridor, equipment and operations. Even if the State funds the appraisal directly, the potential cost is a matter that should be taken into account at this early stage of legislative consideration.

U.S. FREIGHT RAILROADS OWNED BY STATE OR LOCAL GOVERNMENTS IN 1995

RAILROAD	STATE	TYPE OF RR	EMPLOYEES	CARLOADS	REVENUE RANGE
Alaska Railroad Corp.	AK	Reg	550	72,225	10 < 250 M
Apparoose County Community Railroad	IA	S&T	4	282	0 < 5 M
Beaufort & Morehead Railroad	NC	Local	14	6,361	0 < 5 M
Brownsville & Rio Grande Int'l. Railroad	TX	S&T	16	10,414	0 < 5 M
C&S Railroad Corporation	PA	S&T	5	457	0 < 5 M
Canton Railroad	MD	S&T	20	7,766	0 < 5 M
Central of Tenn. Railway & Navigation	TN	S&T	3	1,000	0 < 5 M
Chillicothe-Brunswick Rail Maint. Auth.	MO	S&T	5	0	0 < 5 M
City of Pineville Railway	OR	Local	10	1,350	0 < 5 M
Colone's Island Railroad	GA	Local	4	3,399	0 < 5 M
Columbia Terminal	MO	S&T	3	950	0 < 5 M
East Cooper & Berkeley Railroad Company	SC	Local	11	4,041	0 < 5 M
Eastern Shore Railroad	VA	Local	38	7,494	0 < 5 M
Great River Railroad	MS	S&T	2	83	0 < 5 M
Huntsville & Madison County RR Authority	AL	Local	0	342	0 < 5 M
Little Rock Port Railroad	AR	S&T	5	5,261	0 < 5 M
Long Island Rail Road	NY	Local	25	11,588	5 < 10 M
Madison RR, Div. City of Madison P. Auth.	IN	Local	4	294	0 < 5 M
New Orleans Public Belt Railroad	LA	S&T	95	18,474	0 < 5 M
Nicolet Badger Northern Railroad, Inc.	WI	Local	17	287	0 < 5 M
North Coast Railroad	CA	Local	45	4,500	0 < 5 M
Pend Oreille Valley Railroad	WA	Local	11	3,238	0 < 5 M
Peoria, Peoria Heights & Western RR.	IL	S&T	0	395	0 < 5 M
Port Bienville Railroad	MS	S&T	6	1,184	0 < 5 M
Port of Palm Beach District Railway	FL	S&T	0	2,575	0 < 5 M
Port of Tillamook Bay Railroad	OR	S&T	32	8,343	0 < 5 M
Port Royal Railroad	SC	Local	2	1,348	0 < 5 M
Port Terminal Railroad of South Carolina	SC	S&T	11	10,525	0 < 5 M
Port Utilities Comm. of Charleston, S.C.	SC	S&T	11	6,854	0 < 5 M
Quincy Bay Terminal Co.	NH	Local	4	375	0 < 5 M
Salt Lake City Southern Railroad	UT	S&T	2	1,400	0 < 5 M
Savannah State Docks Railroad	GA	S&T	22	35,646	0 < 5 M
Semo Port Railroad, Inc.	MO	S&T	0	24	0 < 5 M
South Branch Valley Railroad	WV	Local	17	4,305	0 < 5 M
South Brooklyn Railway	NY	S&T	2	25	0 < 5 M
Tacoma Municipal Belt Line Railroad	WA	S&T	51	52,649	5 < 10 M
Terminal Railway Alabama State Docks	AL	S&T	83	95,000	5 < 10 M

Source: Association of American Railroads Profiles of U.S. Railroads



Alaska State Legislature

Please enter into the record my testimony to the House Transportation
 committee name
 committee on HB 136, dated 4-10-96
 bill/subject

Should not be sold, to one interested party. Should be sealed bids - to approach market value following advertisement.

Bridges & Trestles alone still may be worth then ^{to be} negotiated price.

Railbed alone ^{replacement cost} may be worth tentimes the amount any Montana may offer.

Postpone sale - One year minimum.

Four Companies (Princess) may be very interested - (need replacement cost estimate)

Allow a year, encourage input from all Alaskans. This is too sudden.

Signed: Kenneth Hubbard Kenneth T. Hubbard
 Testifier

retired
 Representing (Optional)
P.O. Box 1703 Palmer AK 99645
 Address
907-745-3136
 Phone No.

HB

161

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 161

Revision Date: _____ Dept. Affected: Department of Law
 Title: relating to civil liability for quest passengers BRU: Legal Services
on an aircraft or watercraft... Component: Operations
 Sponsor: Representative Bunde
 Requester: Representative Bunde COMPONENT SERIAL NO. 0093

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

POSITIONS	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 09.65 to provide that an owner or operator of an aircraft or watercraft is not liable for civil damages of a person being transported in the owner's or operator's aircraft or watercraft if the owner or operator is not being compensated for the transportation.

This exemption from liability would not apply to a civil action for damages resulting from: (1) gross negligence or reckless or intentional misconduct; (2) an act or omission of an owner or operator of an aircraft or watercraft who is a common carrier; or (3) an act or omission of an owner or operator of an aircraft or watercraft that occurs while demonstrating an aircraft or watercraft to a prospective buyer.

The bill also provides that if an owner or operator has insurance that would compensate a claimant for civil damages awarded against the owner or operator, the owner or operator is not liable for civil damages that exceed the applicable insurance.

Because transportation on state aircraft or watercraft is for official business only, there will not be a fiscal impact for the state, either in the form of a savings or added cost.

Prepared by: Richard I. Peques, Director
 Division: Administrative Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General
 Agency: Department of Law

Phone: 465-3672
 Date: 2/28/95
 Date: 2/28/95

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 161

Revision Date _____
Title Aircraft/Watercraft Guest Passenger Law

Department Commerce and Economic Development
BRU Insurance
Component Operations

Sponsor Representatives Bunde Tooney
Requestor Representative Bunde

COMPONENT SERIAL NO. 354

Expenditures/Revenues	(Thousands of Dollars)					
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	00	00	00	00	00	00

CAPITAL EXPENDITURES _____

CHANGE IN REVENUES _____

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	00	00	00	00	00	00

Estimate of any current year (FY 95) cost: \$ 00

POSITIONS	96	97	98	99	00	01
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
No fiscal impact.

Prepared by	Joan Brown, Administrative Officer <i>[Signature]</i>	Phone: 465-2597
Division	Insurance	Date: 2/28/95
Approved by Commissioner	William L. Hensley <i>[Signature]</i>	Date: <i>[Signature]</i>
Agency	Commerce and Economic Development	

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CS FOR HOUSE BILL NO. 161(TRA)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered:
 Referred:

Sponsors: REPRESENTATIVES BUNDE, Toobey

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to civil liability for guest passengers on an aircraft or
 2 watercraft; and providing for an effective date."

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

4 * Section 1. AS 09.65 is amended by adding a new section to read:

5 Sec. 09.65.112. CIVIL LIABILITY FOR AIRCRAFT AND WATERCRAFT
 6 GUEST PASSENGERS. (a) An owner or operator of an aircraft or watercraft is not
 7 liable for the civil damages of a person being transported in the owner's or operator's
 8 aircraft or watercraft if the owner or operator is not being compensated for the
 9 transportation. In this subsection, "compensated" means substantial payment in money,
 10 services, or materials, but does not include a token payment.

11 (b) This section does not apply to a civil action

12 (1) for damages resulting from

13 (A) negligence or reckless or intentional misconduct;

14 (B) an act or omission of an owner or operator of an aircraft or

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watercraft who is a common carrier; or

(C) an act or omission of an owner or operator of an aircraft or watercraft that occurs while demonstrating an aircraft or watercraft to a prospective buyer; or

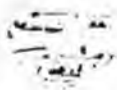
(2) described under (a) of this section if the owner or operator

(A) has insurance that would compensate the claimant for civil damages awarded against the owner or operator; an owner or operator who is insured as described in this paragraph is not liable for civil damages described in (a) of this section that exceed the applicable insurance; or

(B) does not have insurance that would compensate a person being transported as described under (a) of this section for civil damages awarded against the owner or operator and, before the person being transported enters the aircraft or watercraft, the owner or operator fails to provide notice to the person being transported that the owner or operator is uninsured as described in this subparagraph.

* Sec. 2. This Act applies to a cause of action that accrues on or after the effective date of this Act.

* Sec. 3. This Act takes effect July 1, 1995.



REPRESENTATIVE CON BUNDE
CHAIR HEALTH EDUCATION
SOCIAL SERVICES
CHAIR RULES

Alaska State Legislature
House of Representatives

DURING SESSION:
STATE CAPITOL, ROOM 108
UNEAU, ALASKA 99801-1182
(907) 465-4843

DURING INTERIM:
116 WEST 4th AVENUE
ANCHORAGE, ALASKA 99501-2133
(907) 258-8168

SPONSOR STATEMENT

HB 161

"An Act relating to civil liability for guest passengers on an aircraft or watercraft; and providing for an effective date."

HB 161 will guard boat owners and pilots from liability in cases where simple negligence results in accidental injury to non-paying passengers.

Many places in Alaska are only accessible by air or water. When boat owners and private pilots are accompanied by friends or acquaintances on trips, the owner of the craft assumes much of the liability. If Alaskans want to continue to enjoy the recreational opportunities that are available the risks should be shared by all. HB 161 gives guest passengers on a boat or private aircraft a share of the risk involved in their travel. However, private pilots and boat owners who behave in a grossly negligent manner will remain completely liable for accidents and injuries to guest passengers.

HB 161 will affect only those who are traveling together for their mutual benefit. It will not affect those who are traveling by common carrier and paying for their transportation.

HB 161 is important to the many private boat and plane owners of Alaska. I urge your favorable consideration of this proposed legislation.

DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 28, 1995

SUBJECT: Sectional Summary of HB 161
TO: Representative Con Bunde
FROM: Michael F Ford *M.F.*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Limits the civil liability of an owner or operator of an aircraft or watercraft, for injuries to a passenger when the owner or operator is not paid for the transportation. Provides that limited liability does not exist when gross negligence, or reckless or intentional misconduct occurs, when transportation is by common carrier, when a person is demonstrating an aircraft to a prospective buyer, or when the owner or operator has insurance.

Section 2. Applicability section.

Section 3. Effective date.

MFF:klb
95-106.klb



SERVING GENERAL AVIATION 40 YEARS (1951-1991)

U of A Aviation Complex
1515 East 13th Avenue Anchorage, Alaska 99501-4814
907) 272-1251 — 24 Hour Phone/Fax

March 2, 1995

The Honorable Con Bunde
Capitol Room 112
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Bunde;

I have discussed House Bill No. 161 with the Board of Directors and wish to advise you that this organization is in complete support of the Bill. If we can provide further assistance in getting this Bill into law, please advise me or any member of the Board.

We would like to further state that we appreciate your interest and action on the behalf of the aviation community.

THANKS!

FOR THE PRESIDENT

Mike Pannone, Past President

Via Facsimile: 465-3871

LYNDEN

March 1, 1995

LYNDEN INCORPORATED
120 W. Third Ave., Suite 150
Anchorage, Alaska 99501-1311
907/219-1150
Fax: (907) 279-6000

Representative Con Bunde
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801

Re: House Bill No. 181; "An Act relating to civil liability for guest passengers on an aircraft or watercraft; and providing for an effective date."

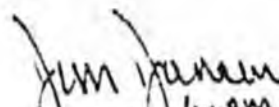
Dear Representative Bunde,

I would like to express my support of HB 161; whereby an owner or operator of an aircraft or boat is not liable for the civil damages of a person being transported in the owner's or operator's aircraft or boat, if the owner or operator is not being compensated for the transportation.

It is extremely unfortunate that many people are deprived of the enjoyment of access to much of Alaska because of the liability concerns in being a passenger in a private aircraft. Hopefully, this bill will make it possible for people like myself who own an aircraft and boat, to be able to provide access to much of Alaska that is only accessible by aircraft and boat, without the burden and current liabilities.

Very truly yours,

LYNDEN


Jim Jansen by em
President

JJ:am

LETTER OF SUPPORT (LYNDEN TRANSPORT)

3.03A NEGLIGENCE DEFINED

I will now define negligence for you. Negligence is the failure to use reasonable care. Reasonable care is that amount of care that a reasonably prudent person would use under similar circumstances. Negligence may consist of doing something which a reasonably prudent person would not do, or it may consist of failing to do something which a reasonably prudent person would do. A reasonably prudent person is not the exceptionally cautious or skillful individual, but a person of reasonable and ordinary carefulness.

In this case, you must decide whether (plaintiff), (name), (defendant), (name), (both plaintiff and defendant) used reasonable care under the circumstances.

Use Note

Except as indicated in this use note, this instruction is to be given in all cases where the negligence of a party is an issue.

The Supreme Court has approved use of a sudden emergency instruction in cases where the trial court finds one or more of the parties faced such an emergency. Wilson v. Sibert, 535 P.2d 1034, 1037 (Alaska 1975); Beaumaster v. Crandall, 576 P.2d 988 (Alaska 1978). See Instruction 3.05.

The Supreme Court has approved use of a negligence per se instruction in cases where the trial court finds it appropriate. Ferrell v. Baxter, 484 P.2d 250 (Alaska 1971). See Instruction 3.04.

The Alaska Supreme Court has not decided the extent to which, if at all, this instruction is appropriate in cases involving a minor's negligence. See comments and use notes to Instruction 3.03B.

3.14 GROSS NEGLIGENCE DEFINED

I will now define gross negligence for you. A person was grossly negligent if: (1) that person's act or failure to act created an unreasonable risk of harm to another; and (2) if either that person had knowledge of facts that would disclose to a reasonable person that the act or failure to act involved a high degree of probability that the harm would occur, or the person knew that the act or failure to act involved a high degree of probability that the harm would occur.

Use Note

This instruction must be used with instruction 3.13.

Comment

Gross negligence is a concept little used in modern common law. Although many jurisdictions impose a gross negligence standard in bailment cases, for example, the Alaska Supreme Court has adopted the ordinary negligence standard. See Industries Inc. v. Foss Launch & Tug Co., 560 P.2d 393 (Alaska 1977).

The definition used in this instruction was derived from Leavitt v. Gillespie, 443 P.2d 61, 65 (Alaska 1968). See also Instruction 3.03C.

(b) The felonious conduct was a substantial factor contributing to the injury or death.

(2) To establish the defense described in this section, the defendant must prove beyond a reasonable doubt the fact that the person damaged was engaged in conduct that would constitute aggravated murder, murder or a Class A or a Class B felony.

(3) Nothing in this section affects any right of action under 42 U.S.C. §1983. (1987 c.774 §10)

30.090 Appointment of administrator of estate of wrongdoer. If no probate of the estate of the wrongdoer has been instituted within 60 days from the death of the wrongdoer, the court, upon motion of the injured person, or of the personal representatives of one meeting death, as stated in ORS 30.080, shall appoint an administrator of the estate of the wrongdoer.

30.100 Substitution of personal representative as party defendant. In the event of the death of a wrongdoer, as designated in ORS 30.080, while an action is pending, the court, upon motion of the plaintiff, shall cause to be substituted as defendant the personal representative of the wrongdoer, and the action shall continue against such personal representative.

ACTIONS BY GUEST PASSENGERS

30.110 (Repealed by 1961 c.578 §1 (30.115 enacted in lieu of 30.110 and 30.120))

30.115 Aircraft and watercraft guest passengers; definitions. No person transported by the owner or operator of an aircraft or a watercraft as a guest without payment for such transportation, shall have a cause of action for damages against the owner or operator for injury, death or loss, in case of accident, unless the accident was intentional on the part of the owner or operator or caused by the gross negligence or intoxication of the owner or operator. As used in this section:

(1) "Payment" means a substantial benefit in a material or business sense conferred upon the owner or operator of the conveyance and which is a substantial motivating factor for the transportation, and it does not include a mere gratuity or social amenity.

(2) "Gross negligence" refers to negligence which is materially greater than the mere absence of reasonable care under the circumstances, and which is characterized by conscious indifference to or reckless disregard of the rights of others. (1961 c.578 §2 (30.115 enacted in lieu of 30.110 and 30.120); 1979 c.866 §7)

30.120 (Repealed by 1961 c.578 §1 (30.115 enacted in lieu of 30.110 and 30.120))

30.130 Public carriers by aircraft and prospective aircraft purchasers. ORS 30.115 shall not relieve a public carrier by aircraft, or any owner or operator of aircraft while the same is being demonstrated to a prospective purchaser, of responsibility for any injuries sustained by a passenger.

ACTIONS ON CERTAIN CONSTRUCTION AGREEMENTS

30.140 Effect of indemnification provision in construction agreement. (1) Any provision in a construction agreement which requires a person to indemnify another against liability for damage arising out of death or bodily injury to persons or damage to property caused or contributed to by the negligence of the indemnitee in the design or by the sole negligence of the indemnitee in the inspection of the work that is the subject of the construction agreement is enforceable only if the indemnitee secures or maintains insurance covering such risks for the protection of the indemnitor. In no event shall the indemnification obligation under such provisions be greater than the limits of the insurance secured by the indemnitee.

(2) Notwithstanding subsection (1) of this section, any provision in a construction agreement which requires a person or that person's surety or insurer to indemnify another against liability for damage arising out of death or bodily injury to persons or damage to property caused by the sole negligence of the indemnitee is void.

(3) As used in this section, "construction agreement" means any written agreement for the construction, alteration, repair, improvement or maintenance of any building, highway, road excavation or other structure, project, development or improvement attached to real estate including moving, demolition or tunneling in connection therewith. No provision of this section shall be construed to apply to a "railroad" as defined in ORS 763.010. (1973 c.570 §§1, 2; 1987 c.774 §25)

ACTIONS FOR DEFAMATION

30.150 Liability of radio or television station personnel for defamation. (1) The owner, licensee or operator of a radio or television broadcasting station, and the agents or employees of the owner, licensee or operator, shall not be liable for any damages for any defamatory statement published or uttered in a radio or television broadcast, by one other than the owner, licensee or operator, or agent or employee thereof, unless it is alleged and proved by the complaining party that the owner, licensee, operator, agent or employee failed to exercise due care

1993-3-51



Alaska Action Trust

P.O. Box 102323 • Anchorage, Alaska 99510
Office: 540 "L" Street, Suite 206 • Anchorage, AK 99501
(907) 258-4040 • FAX (907) 276-7185

Position Paper Regarding HB 161 An Act Relating to Civil Liability for Aircraft and Watercraft Guest Passengers

TO: House Transportation Committee

Representative Gary Davis, Chair
Representative Masek, Vice Chair
Representatives Williams, James, Sanders, Brice and
MacLean

FROM: Debra C. Gravo, Executive Director
Alaska Action Trust

DATE: March 6, 1995

This bill gives owners and operators of aircraft and watercraft special privileges in the event a non-paying passenger is killed or injured because of the negligent operation of the aircraft or watercraft. This newly created special class of Alaskans would be able to escape any responsibility for their wrongful conduct under this bill. The only exceptions set forth in the bill apply to conduct that is deemed grossly negligent, reckless, or intentional, where the complained-of conduct was by a common carrier owner or operator, or where negligent conduct causes death or injury while the aircraft/watercraft is being demonstrated to a prospective buyer. A token payment by a passenger is inadequate to remove the immunity conveyed by the proposed statute.

This bill is bad public policy for a number of reasons:

A. It gives owners of aircraft and watercraft special privileges. This group of people will be treated differently than those of us who operate automobiles, motorcycles, snow machines, or other motorized or non-motorized vehicles. There is no precedent in Alaska or other places and precious little reason for this type of special interest legislation.

B. Passengers in boats and planes have no control over the conduct of the owners and operators. Passengers give up the right to expect safe operation by simply getting on board and are completely unable to protect themselves from negligent operation or faulty maintenance.

C. The skills involved in operating aircraft and watercraft

are not necessarily known to passengers in these vehicles. Passengers are unable to make intelligent choices about whom to ride with because their own inexperience or lack of training keeps them from fairly evaluating the qualifications of the operators with whom they travel. The bill puts these people and their families at peril. The public treasury, frequently used to support the injured and their survivors, is put at peril as well.

D. Responsible owners of aircraft and watercraft insure themselves for the very reason that they wish to provide a fund from which their passengers can collect in the event their carelessness causes death or injury. While this bill allows victims to recover from available insurance proceeds, there is no requirement that owners/operators of aircraft/watercraft be insured.

E. The bill discourages insurance carriers from paying reasonable claims by capping their exposure. This could easily be fixed by an amendment making it clear that a carrier that unreasonably fails to settle a claim within the limits of its policy shall be liable to satisfy the entirety of any judgment ultimately entered in the case.

F. As a practical matter, few people without insurance are sued by their non-paying passengers. This bill can only be seen as an effort to immunize an already privileged class of people.

G. Instead of promoting the safest possible operation of watercraft and aircraft in accordance with good public policy and the welfare of passengers in these vehicles, the bill immunizes negligent acts by this special class of people.

Alaskans will lose, and insurance companies will gain, if this bill becomes law. Just say "No" to HB 161.