

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 86/2

10482 HOUSE TRANSPORTATION

HB

127



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

MEMORANDUM

February 14, 2001

To: Representative Vic Kohring, chairman
House Transportation Committee

From: Representative John Harris *J.H.*

Subject: Request for hearing – HB 127

Please schedule a Transportation Committee hearing on HB 127 – “An Act relating to emergency equipment to be carried on aircraft” as soon as your calendar will allow it.

This bill simply allows an exemption for aircraft operators, who are flying into Canada, from the State’s requirement to carry a firearm as part of the necessary safety equipment on board. It is in response to a recent Canadian federal law requiring registration and licensing of firearms brought into Canada.

I appreciate your scheduling of the bill at your earliest convenience. If you have questions regarding the bill or any of the backup material attached, please contact John Manly of my staff at 465-4859. Thank you.



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

Sponsor Statement

HB 127 – “An Act relating to emergency equipment to be carried on aircraft.”

House Bill 127 seeks to amend AS 02.35, the Alaska Uniform Air Licensing Act, to provide an exemption for aircraft operators flying into Canada from a requirement that they must carry a firearm as part of required emergency equipment.

AS 02.35 has been in the statutes since 1949 and, in pertinent part, requires that a variety of emergency equipment be carried in a private aircraft. This includes safety items such as food, an axe, knife, first aid kit, mosquito headnets, and a firearm and ammunition, among other things. Although the subsection is not strictly enforced, technically speaking it is unlawful to take off in Alaska without having this emergency equipment on board.

Canada recently implemented a new federal law that requires the licensing and registration of firearms brought into Canada and expands the list of firearms, such as handguns, that are prohibited. This license is good for five years, but requires the prospective licensee to take a two-day training course in Canada before being issued the license. An alternative is a 60-day temporary permit that can be obtained for \$50 (Canadian).

The essence of HB 127 is to simply provide an exemption to the firearm requirement for flights originating in Alaska and flying into Canada, provided the aircraft operator is flying under an activated flight plan. The bill also deletes a requirement to carry a gillnet among the emergency equipment.

Alaska State Legislature

House of Representatives



Transportation Committee

Rep. Kohring, Chair
Rep. Masck, Vice-Chair
Rep. Kapsner
Rep. Kookesh
Rep. Ogan
Rep. Scalzi
Rep. Wilson

AGENDA

Thursday, February 22, 2001

1:00 – 3:00 p.m.

House Transportation Committee Room #17

House Bill 127: "An Act relating to emergency equipment to be carried on aircraft.

House Bill 4: "An Act relating to offenses involving operating a motor vehicle, aircraft, or watercraft while under the influence of an alcohol beverage or controlled substance; relating to implied consent to take a chemical test; relating to registration of motor vehicles; relating to presumptions arising from the amount of alcohol in a person's breath or blood; and providing for an effective date."

House Bill 39: "An Act relating to registration of motor vehicles, to operating a motor vehicle, aircraft or watercraft while intoxicated, and to driving with a cancelled, suspended, or revoked driver's license; relating to duties of the division of alcoholism and drug abuse regarding driving-while-intoxicated offenses; and providing for an effective date."

HOUSE BILL 127



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

MEMORANDUM

February 14, 2001

To: Representative Vic Kohring, chairman
House Transportation Committee

From: Representative John Harris J.H.

Subject: Request for hearing – HB 127

Please schedule a Transportation Committee hearing on HB 127 – “An Act relating to emergency equipment to be carried on aircraft” as soon as your calendar will allow it.

This bill simply allows an exemption for aircraft operators, who are flying into Canada, from the State's requirement to carry a firearm as part of the necessary safety equipment on board. It is in response to a recent Canadian federal law requiring registration and licensing of firearms brought into Canada.

I appreciate your scheduling of the bill at your earliest convenience. If you have questions regarding the bill or any of the backup material attached, please contact John Manly of my staff at 465-4859. Thank you.



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

Sponsor Statement

HB 127 – “An Act relating to emergency equipment to be carried on aircraft.”

House Bill 127 seeks to amend AS 02.35, the Alaska Uniform Air Licensing Act, to provide an exemption for aircraft operators flying into Canada from a requirement that they must carry a firearm as part of required emergency equipment.

AS 02.35 has been in the statutes since 1949 and, in pertinent part, requires that a variety of emergency equipment be carried in a private aircraft. This includes safety items such as food, an axe, knife, first aid kit, mosquito headnets, and a firearm and ammunition, among other things. Although the subsection is not strictly enforced, technically speaking it is unlawful to take off in Alaska without having this emergency equipment on board.

Canada recently implemented a new federal law that requires the licensing and registration of firearms brought into Canada and expands the list of firearms, such as handguns, that are prohibited. This license is good for five years, but requires the prospective licensee to take a two-day training course in Canada before being issued the license. An alternative is a 60-day temporary permit that can be obtained for \$50 (Canadian).

The essence of HB 127 is to simply provide an exemption to the firearm requirement for flights originating in Alaska and flying into Canada, provided the aircraft operator is flying under an activated flight plan. The bill also deletes a requirement to carry a gillnet among the emergency equipment.

HOUSE BILL NO. 127

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

BY REPRESENTATIVES HARRIS, Foster

Introduced: 2/14/01

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to emergency equipment to be carried on aircraft."

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

3 * Section 1. AS 02.35.110(a) is amended to read:

4 (a) An airman may not make a flight inside the state with an aircraft unless
5 emergency equipment is carried as follows:

6 (1) the following minimum equipment must be carried during the
7 summer months:

8 (A) food for each occupant sufficient to sustain life for two
9 weeks;

10 (B) one axe or hatchet;

11 (C) one first aid kit;

12 (D) one pistol, revolver, shotgun, or rifle, and ammunition for

13 the pistol, revolver, shotgun, or rifle: this subparagraph does not apply to

14 a flight between an airport in the state and an airport in Canada, without

15 regard to intermediate stops en route, if a flight plan for the flight was

1 filed and activated under applicable federal regulations [SAME];

2 (E) [ONE SMALL GILL NET, AND] an assortment of tackle
3 such as hooks, flies, lines, and sinkers [, ETC.];

4 (F) one knife;

5 *AMEND #2* (G) ~~two small boxes of matches;~~ *firestarter*

6 (H) one mosquito headnet for each occupant;

7 (I) two small signaling devices such as colored smoke bombs,
8 railroad fuses, or Very pistol shells, in sealed metal containers;

9 (2) in addition to the equipment required under (1) of this subsection
10 [SECTION], the following must be carried as minimum equipment from October 15 to
11 April 1 of each year:

12 (A) one pair of snowshoes;

13 (B) one sleeping bag;

14 (C) one wool blanket for each occupant over four.

Amend #1 or [^]equivalent *AMEND PASSES UNAN*



ALASKA STATE LEGISLATURE

REPRESENTATIVE JOHN HARRIS

STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

Sectional Analysis

HB 127 – “An Act relating to emergency equipment to be carried on aircraft.”

House Bill 127 has only one section that makes three changes.

First, it amends AS 02.35.110(a) to provide an exemption from the requirement that a pistol, revolver, shotgun or rifle be carried on board an aircraft, if the flight is between an airport in Alaska and one in Canada. A flight plan filed and activated under applicable federal regulations is required.

Second, the bill deletes the requirement that a small gill net be carried in the emergency equipment (other fishing tackle is still required).

The final change is a technical change of the word “section” to “subsection.”

As there is no effective date, under Article II, section 18 of the state constitution, the bill would become law 90 days after the Governor signs it.

Alaska Statutes – Pertinent part

HB 127 – “An Act relating to emergency equipment to be carried on aircraft.”

Sec. 02.35.110. Emergency rations and equipment.

(a) An airman may not make a flight inside the state with an aircraft unless emergency equipment is carried as follows:

(1) the following minimum equipment must be carried during the summer months:

- (A) food for each occupant sufficient to sustain life for two weeks;
- (B) one axe or hatchet;
- (C) one first aid kit;
- (D) one pistol, revolver, shotgun or rifle, and ammunition for same;
- (E) one small gill net, and an assortment of tackle such as hooks, flies, lines, sinkers, etc.;
- (F) one knife;
- (G) two small boxes of matches;
- (H) one mosquito headnet for each occupant;
- (I) two small signaling devices such as colored smoke bombs, railroad fuses, or Very pistol shells, in sealed metal containers;

(2) in addition to the equipment required under (1) of this section, the following must be carried as minimum equipment from October 15 to April 1 of each year:

- (A) one pair of snowshoes;
- (B) one sleeping bag;
- (C) one wool blanket for each occupant over four.

January 19, 2001

Dear Representative Harris,

AS 02.35.110 requires, in relevant part, that an airman/operator of a private aircraft on a flight in Alaska carry certain emergency equipment. Included in that list of emergency equipment, at AS 02.35.110 (1)(D), is "one pistol, revolver, shotgun, or rifle, and ammunition for same."

Canadian Federal law imposes an analogous, but somewhat more extensive, requirement on private pilots flying in "sparsely settled areas." The latter phrase includes all those parts of British Columbia and the Yukon Territory contiguous to Alaska. However, the Canadian required equipment list does not include a firearm.

While many private pilots have opted to meet the Alaska requirement by carrying a handgun in the aircraft, that practice cannot be extended to transborder flights, since there has been a longstanding ban of privately owned handguns in Canada. Although I am not in a position to cite other pilots' practices, I have personally dealt with the matter by carrying a 16-gauge shotgun; I have never encountered difficulties with Canadian authorities.

Canada has recently implemented a Federal law which not only expanded the list of prohibited firearms but also requires the licensing of permitted weapons. It is possible for a U. S. pilot to obtain a five-year Canadian license for a permitted weapon, at a financial cost which I do not know at this time. Whatever that cost may be can presumably be rationalized as a one-time event which will be amortized over five years. That rationalization is significantly eroded by the related requirement that a license applicant attend an approved two-day training course in Canada. That requirement (which obviously must be met prior to any "first flight" into Canada with a licensed weapon) seems onerous for someone who may make only one round trip a year from Alaska to/through Canada.

The only alternative apparently available is a temporary (60 days, extendible through 12 months) license at a cost of C\$50. That may not be any greater burden than is any other new fee, but for someone who makes one round trip a year from Alaska to/through Canada it will be C\$250 over five years. (Admittedly, that is still less than the cost of a special trip to Canada for a two-day training session!)

If this appears to be a potentially meaningful problem for large numbers of resident Alaska private pilots, it might be feasible to consider an amendment to AS 02.35.110(1) which says something along the lines of:

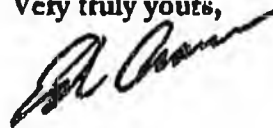
"An airman conducting a flight under a flight plan filed and activated under Federal Aviation Regulations, to or from an Alaska airport and to or from an airport in Canada, with or without intermediate stops, is exempt from the requirements of AS 02.35.110(1)(D)."

Representative Harris
January 19, 2001
Page 2

This would permit both the pilot whose aircraft has the capacity to fly non-stop from Juneau to Prince Rupert, for example, and the pilot who must re-fuel at Northway on a flight from Anchorage to Whitehorse, to leave his/her weapon at home from the outset without fear of violating the law. Other flights wholly within Alaska would not be affected.

Thanks for giving some thought to this!

Very truly yours,

A handwritten signature in black ink, appearing to read "Ed Crane", written in a cursive style.

Ed Crane



ALASKA STATE LEGISLATURE
REPRESENTATIVE JOHN HARRIS
STATE CAPITOL 513, JUNEAU, ALASKA 99801-1182 (907) 465-4859

Sectional Analysis

HB 127 – “An Act relating to emergency equipment to be carried on aircraft.”

House Bill 127 has only one section that makes three changes.

First, it amends AS 02.35.110(a) to provide an exemption from the requirement that a pistol, revolver, shotgun or rifle be carried on board an aircraft, if the flight is between an airport in Alaska and one in Canada. A flight plan filed and activated under applicable federal regulations is required.

Second, the bill deletes the requirement that a small gill net be carried in the emergency equipment (other fishing tackle is still required).

The final change is a technical change of the word “section” to “subsection.”

As there is no effective date, under Article II, section 18 of the state constitution, the bill would become law 90 days after the Governor signs it.

HB

235

ALASKA STATE LEGISLATURE

HOUSE JUDICIARY COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Scott Ogan, Vice-Chairman
Representative John Coghill
Representative Jeannette James
Representative Kevin Meyer
Representative Ethan Berkowitz
Representative Albert Kookesh



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4990
Fax: (907) 465-2040

Heather M. Nobrega
Counsel to Committee

Sponsor Statement for HB 235

This legislation has been introduced at the request of the Associated General Contractors of Alaska.

Public works construction contracts contain "changes" clauses that provide a vehicle for contract adjustment in the event the contractor encounters changed conditions or the public works' owner desires to change the contract in some manner. Claims may arise regarding compensation for the change orders or regarding whether or not particular work was included in the bid documents at bid time.

This legislation would simply require that when a contract settlement with DOTPF is in dispute, and settled in favor of the contractor, interest must be paid to the contractor on the settlement amount from the date of the claim to the date of the decision.

The committee urges your support of this bill.

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907)465-3600
FAX: (907)465-2075

April 16, 2001

The Hon. Vic Kohring, Chair,
and Members, House Transportation Committee
State Capitol, Room 24
Juneau, AK 99801

Re: HB 235 – An Act relating to the handling of and interest on contract controversies involving the Department of Transportation and Public Facilities or state agencies to whom the Department of Transportation and Public Facilities delegates the responsibility for handling the controversies.

Dear Representative Kohring,

I am the attorney assigned by the Alaska Department of Law to provide testimony on HB 235, which provides for prejudgment interest on administrative claims. Due to litigation demands in another case, I am in Ketchikan today and unable to testify. As a consequence, I respectfully submit this letter in place of in-person testimony. If any committee member has questions regarding the contents of this letter, I would be happy to meet with that member in person, or respond in writing to the entire committee. I can be reached by phone at 465-6712, and by fax at 465-6735.

• **Prejudgment Interest on Administrative Claims Not Allowed in Majority of Other States**

We have not undertaken a survey of every state in the country. However it appears that a fair number of states do not pay prejudgment interest on administrative contract claims either outright or because the law in those states limits payment of interest to “liquidated” claims, i.e., claims that are capable of calculation under some contractual formula that does not require the exercise of discretion by agency personnel.

The Honorable Vic Kohring, Chair,
and Members, House Transportation Committee
April 16, 2001
Page 2

Alaska law, AS 36.90.200(a), already requires payment of interest on "payment requests" for work satisfactorily performed on state construction projects. If the state gives notice to the contractor that the work covered under the payment request is unsatisfactory, no interest is paid on that payment request until 21 days after the unsatisfactory work is corrected. AS 36.90.200(e). While this statute does not cover payment of interest on contract claims filed under the State Procurement Code, it is an example of the type of "liquidated" amount on which interest would ordinarily be paid if timely payment were not made by the state.

Where contract claims are concerned, there may be good policy reasons to withhold the payment of prejudgment interest. There may be policy reasons why the agency should have the opportunity to examine such claims before prejudgment interest begins accruing.

- **Cost of Application of HB 235 to Construction Contracts**

Under the Alaska Procurement Code, the Alaska Department of Transportation has the procurement authority for all construction projects conducted in the state. AS 36.30.005(b). The Department of Transportation may delegate that authority to other agencies under AS 36.30.632. Therefore, since all construction is either being performed by DOT&PF or by other agencies under delegation of authority by DOT&PF, prejudgment interest will affect all agencies conducting construction that are either subject to AS 36.30 or that are required to have similar procurement procedures.

The costs to the state for prejudgment interest if HB 235 became law could be substantial. For example, DOT&PF estimates that annual interest indebtedness could be between \$500,000 and several million dollars if the companion bill to HB 235 (SB 152) were to become law, although federal matching money would be available to cover some of that cost. Fiscal Note 1, SB 152. On just three recent claims of which we are aware, prejudgment interest totaling approximately \$1,200,000 would have been paid by the state if prejudgment interest were due on those claims.

- **If HB 235 Becomes Law, How Will the State Pay Prejudgment Interest?**

FHWA Projects: DOT&PF does most of its construction in the State of Alaska by using funding from the Federal Highway Administration (FHWA). While the budget process for federal funding is beyond the scope of this letter, it appears that FHWA will participate in payment of interest on construction claims according to

a federal participation rate that typically is 90 percent. Of course, payment of interest on a project means that fewer dollars will be available for projects in the state. In other words, prejudgment interest paid on one project may mean that the state is unable to fund another project somewhere else in the state.

FAA Projects: DOT&PF also conducts construction activities at airports throughout the state to build new, or expand existing, facilities utilizing Federal Aviation Administration ("FAA") funding). FAA grants operate differently than those for FHWA-funded projects. In FAA projects, the amount of a grant is based on the state's total estimate of all costs to design and construct the project. Increases in the grant amount are limited to 15 percent of the original grant. Any additional costs incurred above the grant plus 15 percent must be covered entirely by the state. If interest exceeds the amount of the FAA grant, the state will have to fund all additional expenses without FAA participation.

HB 235 affects all agencies in the state that conduct construction activities under a delegation of authority from DOT&PF. Many of these projects are supported by programs that include funding and grants from federal agencies other than FHWA and FAA. As a consequence, it may be that federal participation in administrative claims is limited in certain situations, depending on the funding source, and that state funds will have to be used to pay interest claims. Because we have not undertaken a study of the way other agencies performing construction with a delegation from DOT&PF fund projects, it is unclear that federal participation will be available to fund interest payments owed as HB 235 is currently drafted.

- **Equal Protection Issues for Other AS 36.30 Claims**

There may be an equal protection problem with this legislation as presently drafted. HB 235 authorizes the payment of interest on claims under AS 36.30.620 - .630 and 36.30.670 - 36.30.685 against DOT&PF and other agencies acting under a delegation from DOT&PF. HB 235 therefore applies to DOT&PF construction claims. Contractors asserting claims against other agencies under AS 36.30.620 - .630 and 36.30.670 - .685 may allege that they are denied equal protection of the law because they are denied prejudgment interest on their claims, while DOT&PF contractors who file claims under the same statute are entitled to interest.

The state would have to demonstrate at least a legitimate state interest in allowing prejudgment interest on some claims while denying it on others. A court might conclude that the legislature's interest in limiting prejudgment interest only to

The Honorable Vic Kohring, Chair,
and Members, House Transportation Committee
April 16, 2001
Page 4

construction claims simply to save the costs of having to pay interest on all AS 36.30 claims does not bear a substantial relationship to a legitimate state objective.¹

- **Equal Protection Issues for Non-AS 36.30 Construction Projects**

The Alaska Railroad Corporation, the Alaska Aerospace Development Corporation, and the Alaska Seafood Marketing Institute must adopt procedures "substantially equivalent" or "substantially similar" to AS 36.30. AS 36.30.015(e), AS 36.30.015(h). Claimants against these agencies may argue that, by virtue of the changes proposed to the procurement code by HB 235, these agencies also have to provide for the payment of prejudgment interest on claims.

Other agencies exempt from AS 36.30 include the University of Alaska, the Alaska Housing Finance Corporation, the Alaska State Pension Investment Board, the Alaska Court System. AS 36.30.005(c), AS 36.30.015(f), and AS 36.30.030. These agencies do not have to adopt procedures equivalent to the State Procurement Code. However, the same or a similar equal protection argument may be advanced with respect to those agencies. In the recent past, at least AHFC and the Court System have faced construction claims.

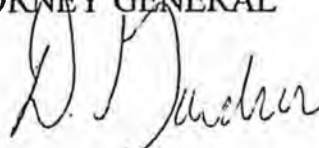
¹ The Alaska Supreme Court has held that Equal Protection Clause of the Alaska Constitution affords greater protection to individual rights than that afforded under the U.S. Constitution. *State v. Enserch Alaska Construction, Inc.*, 787 P.2d 624, 631 (Alaska 1989); *Laborers Local No. 942 v. Lampkin*, 956 P.2d 422, 429 (Alaska 1998). The court uses a sliding scale analysis that determines the relative importance of the individual right and the State interest and, depending on the importance of the individual interest, requires the State interest to "fall somewhere on a continuum from mere legitimacy to a compelling interest." *Enserch*, 787 P.2d at 631. The nexus between the State's interest and the means used by the State to achieve that interest must fall on a continuum from a "substantial relationship to [the] least restrictive means," again, depending on the importance of the individual right at issue. *Id.* at 631-32. *Williams v. State*, 895 P.2d 99, 104 (Alaska 1995); *Herricks Aero-Auto Aqua Repair v. State, DOT&PF*, 754 P.2d 1111, 1114 (Alaska 1988)(economic interests entitled to only minimal protection under Alaska Equal Protection Clause; cost savings alone may not be a legitimate state interest).

The Honorable Vic Kohring, Chair,
and Members, House Transportation Committee
April 16, 2001
Page 5

If you or any committee member has questions regarding the testimony summarized above, please advise.

Sincerely,

BRUCE M. BOTELHO
ATTORNEY GENERAL

A handwritten signature in cursive script, appearing to read "D. Gardner", is written over the typed name of the Assistant Attorney General.

By: Doug Gardner
Assistant Attorney General

cc: Michael K. Abbot, Legislative Director, Governor's Office
Vern Jones, Chief Procurement Officer, State of Alaska
Legislative Liaisons
Deborah Behr, Legislation Attorney, Department of Law
Chrystal Smith, Legislative Liaison, Department of Law.



ASSOCIATED GENERAL CONTRACTORS of ALASKA

4041 B STREET, SUITE 100 • ANCHORAGE, ALASKA 99503

TELEPHONE (907) 561-5354 • FAX (907) 562-6118

April 6, 2001

Re: SB 152 – Interest on Contract Controversies

HB 235

Dear Senator:

On public works projects in the State of Alaska, a contractor encountering a condition that requires a change in the contract, is required to perform the work even if there is a dispute as to the appropriate adjustment. Resolution of such a claim frequently takes as long as four years and the State currently disallows interest on the amount of the ultimate settlement.

Most, if not all, public works contracts include contract adjustment clauses that provide a method for adjusting the contract amount when the contractor encounters changed conditions or the owner desires to change the contract in some manner. The purpose of this clause is to assure that the contractor is fairly compensated for the extra work occasioned by the change.

Alaska courts generally recognize that awarding prejudgment interest to a plaintiff is necessary to make him "whole" by compensating him for the use of money rightfully his between the time of injury and trial. The courts have held that prejudgment interest should be denied only in the most unusual cases and place the burden of proving the unusual situation on the party opposing the award of prejudgment interest. The State of Alaska apparently believes that contractor claims in general represent an "unusual case" and therefore prejudgment interest should not be applied to these claims.

We urge you to support SB 152. This bill allows construction contract claims to be treated the same as all other claims in the State of Alaska. There is no public interest in discriminating against the entire construction industry in these matters.

Sincerely,

Richard Cattanach
Executive Director

FAIRBANKS
P.O. BOX 6005 • FAIRBANKS, AK 99706
TELEPHONE (907) 452-1809

SOLDOTNA
43335 KALIFONSKI BEACH ROAD, STE. 32 • SOLDOTNA, AK
99669
TELEPHONE (907) 262-8535

INTEREST ON CONTRACT CONTROVERSIES

SB 152
HB 235

Position Paper of The Associated General Contractors of Alaska

ISSUE: Given the complexity of construction projects, it is not unusual that differences sometimes develop between the owner and contractor regarding the scope of work covered in the contract. In those instances when the differences cannot be successfully resolved, the parties can avail themselves of the claims process set forth in the Alaska procurement code. One problem with this process is the inherent delay in the ultimate payment of the claim. The position of the State of Alaska is that they do not owe interest on the ultimate awards. Contractors believe that the delayed payment costs them not only foregone interest but also the costs of preparing and defending their claim, and that the avoidance of interest is not only contrary to common practice, it is bad public policy.

ADVANTAGES: For the State of Alaska, delaying claims allows them to earn interest on money they ultimately owe the contractor. Through such delays the State derives an economic interest in postponing the claims process. Another advantage enjoyed by the State accrues from its superior financial strength and legal resources, which sometimes can be used to force financially, strapped companies to settle their claims at a fraction of the claims value.

The current system offers no advantages to the contractor.

DISADVANTAGES: The primary disadvantage to the State will be derived from the addition of interest to the cost of a claim for the period the claim is being contended. The proposed law will put a premium on the expeditious settlement of construction claims. The State will have to change its procedures to handle such claims in a more timely manner.

There are no disadvantages to the contractor.

AGC POSITION

The current process regarding the settlement of a claim places the contractor at an economic disadvantage. Since the expenses underlying a claim have to be paid, the contractor incurs these costs plus the costs of preparing and defending its position. During this entire process the State is allowed to invest those funds for its own economic gain as well as using its superior resources to threaten the economic viability of the claimant. Payment of interest on claims is not only good public policy, but it is consistent with prior practices of the Department of Transportation regarding such claims. Currently the State of Alaska must pay prejudgment interest for virtually all other contract claimants. Contractors, however, have been singled out for disparate treatment.

Associated General Contractors of Alaska
Legislative Priorities
2001

Long Term Fiscal Plan - It is in the best interests of the State that the legislature and administration adopt a long-term fiscal plan that deals with the issue of falling petroleum revenues, the permanent fund, and new economic incentives. Part of this plan should include an increase in the gasoline tax and a dedication of those funds to underwrite the costs of highway maintenance.

Matching funds for transportation projects - The transportation infrastructure of Alaska is currently inadequate and requires continued planning, upgrades, and expenditures to assure the citizens of Alaska are provided with essential services. The economic benefit derived from this investment far exceeds the matching funds required to secure the federal matching funds. Accordingly the legislature is encouraged to continue providing full funding of the federal highway matching funds.

Funding for vocational/technical education - A majority of Alaska's high school graduates do not go to college yet the State's high school curriculum is oriented to college preparation. The legislature should adopt a more balanced funding approach to better prepare those students not pursuing post-secondary education for the world of work.

Pre-judgment interest on claims - Construction claims frequently represent differing opinions between the owner and the contractor regarding whether or not particular work was included in the bid documents at bid time. Since resolving these differences takes time and since the contractor incurred costs to complete the work, the contractor should be entitled to interest on the claim settlement from the time the claim was filed until payment.

Definition of design build - Design/build is a project delivery system that is widely used in private construction and is starting to gain acceptance in public construction. The Alaska procurement code does not contemplate or define design/build construction and therefore all such use by public entities is performed under the term "alternative procurement procedures". Due to the uncertainty as to the use and applicability of the design/build delivery system in the public sector, it is in the best interests of all parties that its use and definition be clearly set forth by the legislature.

*
HB
235

Subj: FW: Prejudgment Interest Alaska Construction Contracts
Date: 4/9/01 6:24:02 PM Pacific Daylight Time
From: mdm.mbcontracting@alaska.com (Mike Miller)
To: thyes@aol.com

---Original Message---

From: Jpalaw2@aol.com [mailto:Jpalaw2@aol.com]
Sent: Thursday, April 05, 2001 11:45 AM
To: mdm.mbcontracting@alaska.com
Subject: Prejudgment Interest Alaska Construction Contracts

Mike,

I had some time to look at the books this morning and hope this will be helpful in your testimony.

Public works construction contracts contain "changes" clauses that provide a vehicle for contract adjustment in the event the contractor encounters changed (differing site) conditions or the public works owner desires to change the contract in some manner. The basic purpose of the changes clause is to fairly compensate the contractor for the extra work occasioned by the change. That is, the clause provides for an equitable adjustment to the contractor's contract and makes the contractor whole for the extra scope (outside the basic contract scope) work performed.

Alaska courts recognize that awarding of prejudgment interest to a plaintiff is to make the plaintiff whole by compensating him for the use of money rightfully his between the time of injury and trial. *McConkey v. Hart*, 930 P.2d 402 (1996). Alaska courts also recognize that prejudgment interest should be denied only in the most unusual case; burden of proving the unusual situation is on the party opposing the award of prejudgment interest. *Hancock v. Northcutt*, 808 P.2d 251 (Alaska 1999). The purpose of awarding prejudgment interest is to compensate the successful claimant for loss of use of money between the date he/she was entitled to it and the date of judgment; the corollary purpose is to prevent the unsuccessful party from being unjustly enriched by the use of the money. *Lundgren v. Gaudiane*, 782 P.2d 285 (Alaska 1989). In contract actions the right to prejudgment interest generally arises on the date of breach. *Morris v. Morris*, 724 P.2d 527 (1986).

Applying those principals to construction changes in public works contracts, the date on which the prejudgment interest should be calculated is the date the change occurred (e.g., the date the differing site condition was discovered, the date the owner directed the contractor to change the work, the date the contractor learned that the contract specifications contained an error . . . etc.). If the purpose of the changes clause is to make the contractor whole in the event of a change, then the time value of money (prejudgment interest) should be an element of the contractor's recovery. Keep in mind that the contractor, when changes are encountered on a public works project, has no option but to perform the changed work if there is a

dispute as to the appropriate adjustment. The contractor must perform and argue about the price later. It would be inequitable if the contractor, under these circumstances, was not compensated for prejudgment interest.

I also looked at Danco Exploration v. State of Alaska, 924 P.2d (Alaska 1996). Danco appears to be the case that the Attorney General's office is relying on in denying prejudgment interest. I understand where the Attorney General is deriving its argument from, "sovereign immunity". Unless the State has, by statute, provided that the contractor can recover interest against the State, the contractor has no right against the State (you cannot sue the king unless the king allows you to sue him). Therefore, this case would seem to call for a statute, which the legislature can pass, which specifically allows contractors recovery of prejudgment interest in construction changes on state public works contracts. You may even want to make that broader and include all public works Alaska contracts, not merely state contracts.

If you have any questions please do not hesitate to contact me.

JPA

----- Headers -----

Return-Path: <mdm.mbcontracting@alaska.com>

Received: from rly-xd01.mx.aol.com (rly-xd01.mail.aol.com [172.20.105.166]) by air-xd05.mail.aol.com (v77_r1.36) with ESMTP; Mon, 09 Apr 2001 21:24:02 -0500

Received: from mta-2.gci.net (mta-2.gci.net [208.138.130.83]) by rly-xd01.mx.aol.com (v77_r1.36) with ESMTP; Mon, 09 Apr 2001 21:23:26 2000

Received: from mmp-2.gci.net ([208.138.130.81]) by mta-2.gci.net (Netscape Messaging Server 4.15) with ESMTP id GBJYIZ00.LQJ for <thyes@aol.com>; Mon, 9 Apr 2001 17:23:23 -0800

Received: from mikes ([24.237.194.245]) by mmp-2.gci.net (Netscape Messaging Server 4.15) with SMTP id GBJYIZ00.C55 for <thyes@aol.com>; Mon, 9 Apr 2001 17:23:23 -0800

From: "Mike Miller" <mdm.mbcontracting@alaska.com>

To: <thyes@aol.com>

Subject: FW: Prejudgment Interest Alaska Construction Contracts

Date: Mon, 9 Apr 2001 17:23:47 -0800

Message-ID: <NFBBKIJEILCGEFPMDLNEEOJCBAA.mdm.mbcontracting@alaska.com>

MIME-Version: 1.0

Content-Type: text/plain;
charset="iso-8859-1"

Content-Transfer-Encoding: 7bit

X-Priority: 3 (Normal)

X-MSMail-Priority: Normal

X-Mailer: Microsoft Outlook IMO, Build 9.0.2416 (9.0.2910.0)

Importance: Normal

X-MimeOLE: Produced By Microsoft MimeOLE V5.00.2615.200

HB

241

ALASKA STATE LEGISLATURE

REPRESENTATIVE
JEANNETTE JAMES
PO Box 56622
North Pole, Alaska 99705
(907) 456-1546
FAX (907) 488-4271



While in Juneau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381

House of Representatives
House District 34

Sponsor Statement, HB 241

4/17/01

If all government-funded employment in Alaska disappeared one day, only a few thousand private sector family-wage jobs would remain. It can be argued Alaska does not have an economy. ... Rather Alaska has a series of boom and bust cycles tied to the price of, and demand for, natural resources.

Alaska's economic future will be built on improved infrastructure. Connecting Alaska to the rest of North America by rail will benefit the mining, agriculture, tourism, military, manufacturing, and oil and gas sectors of the economy, while reducing the cost of bringing goods to the state as well as exporting our products.

The purpose of HB 241 is to begin the process of completing the last transcontinental railroad. Without appropriating funds, HB 241 authorizes the Alaska Railroad to delineate a transportation and utility corridor from existing tracks at Eielson AFB to the Canadian Border. After a survey and full delineation is achieved, state land would be transferred fee simple title.

This bill also authorizes and encourages the Alaska Railroad Corp. to obtain ownership or a right of way through any other lands, whether federal or private.

HB 241 mandates a 500-foot wide transportation and utility corridor that could allow for pipelines for gas or water as well as electric transmission lines and fiber optic cable. HB 241 allows the Alaska Railroad to use funds it can obtain, such as from federal appropriations or by sale of bonds, to survey and obtain a right of way to the Canadian border.

A separate section of this bill authorizes the Alaska Railroad to investigate extending to Whitehorse, Yukon.



Fairbanks Industrial Development Corporation

April 12, 2001

Representative Jeanette James
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Representative James:

Recently, the Board of Directors of Fairbanks Industrial Development Corporation voted to make the extension of the Alaska Railroad to the Canadian border one of our long-term goals. We feel this project is essential to the future of economic growth in Alaska.

We strongly support the legislation you have initiated regarding the railroad. When you return to Fairbanks and your schedule allows, we would certainly appreciate an opportunity to meet with you and discuss how FIDC can assist your efforts.

If our organization can be of any assistance to you in this matter please feel free to contact me at 452-2185.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean M. Owen". The signature is fluid and cursive, with a large initial "D" and "O".

Dean M. Owen
Executive Director

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: HB241
 () Publish Date: 4/10/2001

Revision Date/Time (Note if correction): _____ Dept. Affect: DCED
 Title: Extension of the Alaska Railroad to Canada BRU: _____
and to Whitehorse, Yukon Territory Component: _____
 Sponsor: Representative James
 Requester: Representative James Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
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 (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

At this point, the Alaska Railroad Corporation (ARRC) matches all federal grant appropriations with its Internal funds. Should this be the case regarding federal funding appropriated for corridor delineation to the Canadian border and Whitehorse, there will be not fiscal impact to the State's general fund. There will be a fiscal impact if the State helps the ARRC match the federal dollars. The ARRC is currently asking Senator Frank Murkowski to look for federal funding options for corridor delineation. It has been estimated it would take approximately \$5 million to delineate and survey the corridor from the Alaska Railroad near Fairbanks to the Canadian border. In addition, this bill would allow the ARRC to investigate the extension from the Alaska border to Whitehorse, in the Yukon Territory. At this time, the ARRC has not estimated the cost to determine the Whitehorse route and conduct surveys for this section of corridor. Finally, the bill would allow the ARRC to acquire rights-of-way in the corridor. We assume that State land could be acquired for no cost. Military land could be transferred by our Congressional Delegation. Native lands would require purchase or easements and we do not have estimates for the associated costs.

Prepared by: Wendy Lindskoog, Director External Affairs
 Division: Alaska Railroad Corporation
 Approved by: Commissioner Debcray B. Sedwick
 Agency: Department of Community & Economic Development

Phone: (907) 265-2498
 Date/Time: 4/24/01 12:00p.m.
 Date: 4/24/2001

For distribution information, call the Governor's Legislative Office

Rec'd 1/31/00

Rails to Resources

Bringing Alaska and the Yukon closer to the world



United States Senator Frank H. Murkowski

Alaska Canada Rail-Link Conference
January 20, 2000
Vancouver, British Columbia

Rails to Resources

Frank H. Murkowski, United States Senator

The following are excerpts of a speech given by Senator Frank H. Murkowski to the CAN/AM Border Trade Alliance on September 14, 1999. The opening section, which discussed the Canada-U.S. Interparliamentary Group, was not included.

I'm very happy to see you all. No bilateral relationship is closer than the one between Canada and the U.S. It deserves the care and feeding this group can give it, and I hope you never lose that sense of mission.

[Canada-U.S. Interparliamentary Group discussion]

Let me take just another few minutes to talk about something else of vital importance to us all.

I want you to imagine for a moment that Canada and the United States have suddenly been given an opportunity to jointly acquire a huge new territory — as big as the Yukon Territory and Alaska combined.

This splendid land is full of natural resources: gold, silver, lead, zinc, copper, and lesser metals; hardwood and softwood timber; fish, wildlife — and truly splendid vistas for the tourist.

Best of all, it is still largely untouched. All we have to do is reach out for it...

Wouldn't that be a wonderful opportunity for the growth of both our countries?

The fact is, we ALREADY have such a region. What we don't have is a fast and efficient way to get goods and people there and back again.

The Alaska Railroad cuts through the center of Alaska from the coast to Fairbanks, less than three hundred miles from the Canadian border.

In Canada, there are two sets of track running as far north as Fort Nelson on one route, and beyond Fort St. James on the other. In both cases, it would take only about 900 additional miles of track to reach Alaska.

I want to enlist the Canadian/American Border Trade Alliance in the growing movement to bring Alaska and the Yukon into the transcontinental rail system.



Senator Frank H. Murkowski of Alaska

The logical route through Canada passes through one of the richest mining districts on the continent, but one which is so remote that few people have ever visited it, and which will probably never be developed without rail transportation. The same goes for the area's timber resources. And it applies to areas of Alaska that also require rail transportation to reach their full potential.

One possible route, from Prince George, British Columbia to Fairbanks, was even surveyed by the U.S. Army Engineers in 1942. So this is not a new idea — it's a project that could have been done, and should have been done, but has been delayed for decades.

Let's resurrect it.

Yes, it would be expensive. Yes, it is visionary in a way that is seldom seen today. But do those things make it intrinsically a bad idea? I

don't think so.

Let's look at it with an open mind. The Interparliamentary group has discussed and understands the need for a whole series of north-south transportation corridors to facilitate the movement of goods and people within North America. This should be seen as a part of that concept.

For those from Canada, think of it as a revival and elaboration of the "Roads to Resources" initiative you had underway years ago. Call it "Rails to Resources." It was a good idea then, and it still is today.

I propose a public/private alliance to conduct a comprehensive feasibility study. Let's join forces to make a modest investment to examine this carefully.

- US Senator Frank H. Murkowski

The Alaska State Legislature recently reauthorized the acquisition of a right-of-way to the border. They haven't spent the money yet — they're just making sure their options remain open. I'd like to see the same thing done in Canada, at the Federal, provincial and territorial levels, as appropriate.

This isn't pie in the sky. We need to start with a cold, calculated look at the project's feasibility, and that's where you come in.

I propose a public/private alliance to conduct a comprehensive feasibility study. Let's join forces to make a modest investment to examine this carefully.

We should look at possible routes with several things in mind: maximizing potential traffic by building adjacent to the most valuable resources, minimizing costs by looking at the best terrain,

maximizing potential passenger usage for tourism, and minimizing environmental impacts.

And when it comes to protecting the environment, let's also look at establishing a corridor large enough to accommodate future growth.

Doesn't it make sense to combine things like rail lines, major highways, electrical transmission lines and pipelines as much as possible, so that the rest of the countryside is affected as little as possible? I think it does.

When we're done, we should have in hand virtually everything necessary to move directly into preparing a detailed environmental impact statement for a specific proposal: a preferred route, knowledge of the engineering challenges and costs involved, an understanding of the potential for both freight and passenger movement.

So, here's the bottom line: business is business, and when the nation's business improves, your business improves.

When you leave this meeting, I want you to think seriously about this proposal. I want you to call your executive director, Jim Phillips, and tell him what you think. Write to me, and give me your thoughts. And I want you to write to your own Congressmen, MP's and Senators, and tell THEM why you think this will help both of our countries' economies.

With your support, I will introduce legislation to create and fund a joint public/private commission that will include federal, state, provincial and territorial representatives, First Nations and Alaska Native representatives, and business interests.

That commission will be responsible for identifying specific goals and objectives for the feasibility study I've talked about today, for getting the study underway, and for reporting back to Congress, the Parliament and the public on what we need to do next.

This project has been on the back burner for more than a half-century. Let's turn up the heat.

The North American Rail System

From Real Horses to Real Horsepower

The first primitive "railroad" in the United States used horse-drawn cars on wooden rails, but experiments with steam locomotion began in the early 1800s, and in 1831, regular steam powered service began in South Carolina. Rapid expansion followed. Four years later, over 1,000 miles of track had been laid, and there were 200 railroad charters in eleven states.

Western development in the United States spurred even greater growth. By 1860, there were 11,000 miles of track. The westward expansion also prompted the first Congressional land grants to railroads. Government leaders felt that railroads would spur settlement, and the grants allowed companies not only to retain the rights of way for rail lines but to have saleable land to offset construction costs.

In the United States, four of the first five transcontinental railroads were largely made possible by such grants, along with a considerable number of smaller lines in the western United States. A total of 131 million acres of public land was appropriated to dozens of rail-lines. A receiving company was given the right-of-way along with alternate sections of land, with the Federal Government generally raising the price of the sections it kept. In return, all rates were reduced by 50% for Federal traffic. From 1850 until the practice was ended in 1946, it is estimated that the government saved \$900 million; a considerable deal considering that the land was only worth a total of \$500 million at the time it was granted. After the Civil War ended, trackage grew from 35,000 miles to an all-time high of 254,000 miles in 1916.

Canada's first railroad began operations in 1836, but by the middle of the century, although some 40 companies had been granted

government permission to build rail lines, only six had actually laid any track, totaling only 80 miles. In 1849, the government stepped in to help, offering to lend enough money to cover half the construction costs of any line longer than 74 miles (120 kilometers).

Companies proved eager to take Canada's offer. By 1860, Canada's rail lines reached more than 2,000 miles. The first east-west link was achieved in 1885 when the last spike in the Canadian Pacific Railway was driven. That set the tone, and in just 50 years, from 1850 to 1900, the miles of track available to Canada's railroads grew from 80 miles to 19,000.

Today, Canadian National operates about 17,000 miles of track in Canada and another 950 miles in the United States. The CN network serves all five of Canada's major ports: Halifax, Montreal, Prince Rupert, Thunder Bay, and Vancouver.

Meanwhile, Canadian Pacific operates a 15,000 mile network extending from Montreal to Vancouver and into the U.S. midwest and northeast. It serves ports on the east coasts of Canada and the U.S. and the Port of Vancouver.

Technological developments for rail lines rode the swelling tide of industrial change. Larger, more powerful locomotives, cars with larger capacities, improved couplers, the application of air-brakes, as well as adoption of standard gauge rail and standard time resulted in huge gains of efficiency and economic rail service. The development of national, rather than regional, economies in North America is owed in no small way to the influence of our railroads.

The Alaska Railroad

The history of the Alaska Railroad begins in 1903 with the Alaska Central Railway; a failed venture that managed to lay only 71 miles of track out of Seward, in an unsuccessful attempt to reach Anchorage.

But Congress still felt it was wrong that a territory twice the size of Texas had no rail system. The Alaska Railroad Organic Act of March 12, 1914 required incoming President Woodrow Wilson to construct a rail not to exceed 1,000 miles and, among other things, to "...best aid in the development of the agricultural and mineral or other resources of Alaska...and so as to provide transportation of coal for the Army and Navy, transportation of troops, arms, munitions of war, the mails, and for other governmental and public uses." The act gave the President broad powers to acquire land, operate terminals, or anything else that could help make the railroad a reality.



In 1915, the government purchased the remains of the Alaska Central for \$1.2 million, and selected the current route northward. In 1917, it also bought the Tanana Valley Railroad, a narrow-gauge miners' line northwest of Fairbanks, for \$300,000. These acquisitions formed the nucleus of the present system.

By the end of 1920, the Alaska Engineering Commission completed 382 miles of new track, and rebuilt the original 71 miles out of Seward and 32 miles in the Tanana Valley. The main obstacle for completion were bridges to span the Tanana River and Hurricane Gulch. The Tanana bridge had a 701 foot span, which at the time was the

longest such in the United States. The Hurricane Gulch bridge spanned a total of 918 feet with a height of 296 feet.

Just before his untimely death, on July 15, 1923, President Warren G. Harding drove the golden spike officially completing the Alaska Railroad.

Military bases and construction projects starting in the 1930s spurred continued refinements to accommodate heavier loads and straighter hauls, and a large "picture postcard" terminal was built in Fairbanks. The assumption was that the latter would become the terminus for a railroad across British Columbia and the Yukon Territory to link Alaska with the railways of the lower 48 states.

World War II provided another influx of new equipment. Post-war rehabilitation encouraged passenger service and in 1946, a blue and gold streamliner, the AuRoRa, made its first run between Anchorage and Fairbanks. For military purposes, a spur to Whittier had been established by tunneling next to Portage Glacier in 1944.

Also during World War II, in 1942, U.S. Army Engineers surveyed a route that would have taken the railroad all the way from Fairbanks to Prince George, British Columbia, connection to the North American rail system there, and extended the Alaska portion of the line all the way to Teller, on the northwest coast.

Although the latter parts of the once-planned system have not yet been built, the U.S. Department of Defense has consistently maintained that Alaska's strategic location remains critical, and that rail is an essential element of a comprehensive defense transportation system.

The Alaska Railroad was transferred from the Federal Government to the State of Alaska in 1983, and today it remains a great asset.

Proposed Railroad Corridor Resources

The Tanana uplands, which stretch over 250 miles from the Yukon Territory into Fairbanks, Alaska, appears to be rich in base metal potential (gold, silver, copper, lead, zinc, molybdenum, and tin). Because of the lack of infrastructure, there has been little detailed exploration for base metals other than gold in this region. With rail access, there is no question that significant new base metal deposits will be identified.

The Uplands have a history of incredible resource potential dating back to the gold rush days along the Yukon River. Today the area still remains mostly as it was then: inaccessible. In spite of this, one of the most productive gold mines in the United States, Fort Knox, operates just outside of Fairbanks and produces over 1,000 ounces of gold per day. Access is currently being worked out to reach the Pogo deposit, further to the east, which contains an estimated 5.2 million ounces of gold. Although gold is still a draw, the uplands contain tremendous amounts of silver, tungsten, copper,



Silver/gold prospect in the Chulitna mining district.
photo by K. H. Clautice

lead, zinc, and other minerals in identified deposits.

Further to the northwest lies the largest coal field in the United States near Point Lay. Not only is this coal very near the surface, but it is of exceptional quality averaging 12,000 BTUs and an extremely low sulfur content of less than 0.02%. Not far south from Point Lay is the Red Dog zinc mine, which last summer announced new finds. Unfortunately, the mine can only ship product for a few months of the year when pack ice retreats

enough to allow barge traffic. The Matanuska-Susitna Valley region to the south hides yet another large, high quality coal deposit that already sits on the Alaska Railroad line. With the development of a connection, this would be available for shipment to the rest of the continent.

Claim staking activity in Alaska also has a traditional fall-off curve, but recent years have not seen that tradition followed. 1998 was the third \$1 billion year for mining in Alaska. Staking continued strong through the summer of 1999 with results still being processed. Figure 1 shows a select list of Alaska mines near the railroad corridor.

On the other side of the border in the Yukon, active mining, approvals, and exploration are all ongoing, but with similar access problems as occur in Alaska. 1998 mineral production exceeded \$100 million (Canadian), and the industry continues to play the largest role in the private sector economy of the territory. Recent exploration and development activity has reached a peak not seen since the Klondike Gold Rush. With a government committed to seeing a healthy investment climate for the mining industry combined with citizen support, mining potential for the Yukon has far to go. Figure 2 shows a few mines in the Yukon Territory near the proposed corridor.

Forestry information along the proposed corridor is similarly bright, but yet again with similar access problems. Within 15 miles of the corridor from the Yukon to Fairbanks lies 117 million cubic feet of hardwood pole timber and 141 million cubic feet of mixed pole timber. The Ladue River valley alone has the potential to create a chipping industry in Alaska even with its low-value fiber.

The forest products industry is still a fledgling in the Yukon Territory, but activity has developed throughout the last couple of decades in the Watson Lake area. Other potential areas include Mayo, Dawson City, Teslin, and Haines Junction. Timber supply shortages in the northwest combined with increased demand in Asian markets keep the future of this industry positive, but much of the territory has yet to be surveyed.

figure 1, mining data in Alaska

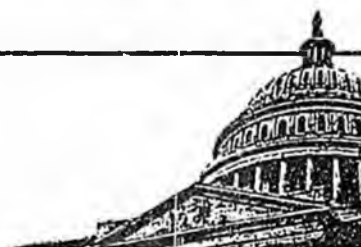
Alaska Mines	Ownership	Resource Information
Koyukuk-Huges mining district	production mostly from Alaska Gold Co.	231,000 oz Au produced 1930-1995
Innoko-Tolstoi mining district		Placer Au district; significant Au-Sb-Hg potential 706,267 oz Au produced through 1995
Hot Springs mining district	(numerous)	Placer Au-Sn district; 568,632 oz Au and 720,000 lb cassiterite produced through 1995
Fairbanks mining district	(numerous)	8,022,434 oz placer Au 1902-1995; 304,548 oz Au and over 4 million lbs Sb from veins and shear zones produced through 1990
Fort Knox	Kinross Gold Corp.	3,745,000 oz Au proven and probable reserves open at depth; 702,295 oz Au produced between 1996 and 1998
Ryan Lode	reclamation by La Teko Resources Inc.	822,200 oz Au and 2.4 million oz Au in two shear zones
Grant Mine		212,000 tons of 0.36 oz/ton Au
True North	La Teko Resources Inc.	Estimated 1,314,000 oz Au
Gil Claims	Kinross Gold Corp./Teryl Resources Corp.	Resource of 433,000 oz Au
Delta massive sulfide belt		40 million ton reserve containing percentages of: Cu, Zn, Pb, Ag, Au
Taurus		Cu-Au prospect; 140 million ton reserve containing percentages of: Cu, Au, Mo
Big Creek/Ladue		Pb-An-Ag massive sulfide prospects
Slate Creek	Slate Creek	55 million tons of 6.3% high quality chrysotile asbestos
Fortymile mining district	Kennecott Exploration Co.	Placer Au district; 534,974 oz Au produced 1883-1995
Pogo	Teck Corp./Sumitomo Metal Mining America Inc.	5.2 million oz Au reserves; exploration and development on-going
Red Dog Mine*	Cominco Alaska Inc.	157.8 million tons proven and probable reserves containing percentages of Zn, Pb, Ag; production and exploration on-going; over 1 million tons of concentrate produced in 1998

*Red Dog Mine, in Northwest Alaska, could become the terminus for a spur from Fairbanks to the Ambler mining district.

figure 2, mining data in the Yukon Territory

Yukon Mines	Ownership	Resource Information
Brewery Creek Mine	Viceroy Resouce Corp.	613,000 contained oz Au; 1997-1998 production of 125,025 oz Au
Kudz Ze Kayah Property	Cominco Ltd.	13 million ton reserve containing percentages of: Cu, Pb, Zn, Ag, Au; final approvals expected in 1999
Sa Dena Hes Property	Cominco Ltd.	3.2 million ton reserve containing percentages of: Pb, Zn, Ag; opened in 1991 but closed in 1992 due to low prices
Wolverine Property	Boliden Ltd./Atna Resources Ltd.	6.237 million ton reserve containing percentages of: Cu, Pb, Zn, Ag, Au; further delineation planned
Minto	Asarco Inc./Minto Explorations Ltd.	7.2 million ton reserve containing percentages of: Cu, Ag, Au; production planned for late 2000
Carmacks Copper	Western Copper Holdings Ltd.	14.1 million ton reserve containing percentages of: Cu, Au; undergoing final stages of environmental assesment
Division Mt. Coal	Cash Resources	52.9 million ton resource at 9,328 BTU/lb and 0.43% Sulfur; under study with environmental assesment to begin next year
Wolverine	Atna Resources/Expatriate Resources	6.2 million ton reserve containing percentages of: Zn, Cu, Pb, Ag, Au; metallurgical work planned
Wolf	Atna Resources/YGC Resources	4.1 million ton inferred resource containing percentages of: Zn, Pb, Ag; further exploration planned
Fyre Lake	Pacific Ridge Exploration	15.4 million tons preliminary resource containing percentages of: Cu, Co, Au; still in exploration

NEWS FROM THE OFFICE OF

FRANK MURKOWSKI*United States Senator • Alaska*

For Immediate Release: Contact: Chuck Kleeschulte or Cindi Bookout
January 20, 2000 O (202) 224-9306; H (301) 283-4149; O 224-8767
(Email: chuck_kleeschulte@murkowski.senate.gov)

Embargoed until noon PST, Thursday, January 20, 2000

Murkowski Willing to Introduce Legislation to Create Commission to Study Alaska-Canada Railroad Extension

VANCOUVER, BC -- U.S. Senator Frank H. Murkowski today said he is willing to introduce legislation in Congress this year to create an impartial bilateral commission to study the economic, environmental and engineering feasibility of completing the trans-continental railroad linking Canada with Alaska.

Murkowski, R-Alaska, chairman of the U.S. Senate Energy and Natural Resources Committee, said extending the Canadian rail system to link up with the Alaska Railroad might make both economic, strategic and environmental sense, helping greatly the economies and lifestyles of citizens of the Yukon Territory and Alaska.

"If there is a significant showing of support for an effort to look at rail options, I am willing to introduce legislation in Congress to establish the parameters for a bilateral U.S.-Canada commission to oversee a comprehensive feasibility study. Such a bill would establish a process for the appointment of commissioners and could also authorize funds for the commission's operations.

"This would get the ball rolling in the U.S., but reciprocal action also would have to be taken by the Government of Canada, because any commission clearly will have to be bilateral with equal

representation from both nations," said Murkowski, in remarks prepared for delivery today during the Alaska-Canada Rail Link Conference being held in Vancouver, BC. The conference was sponsored by Alaska State Rep. Jeannette James, R-North Pole.

In remarks delivered by Murkowski's Transportation aide Bill Woolf, the senator said he envisions a commission made up of business leaders, academicians and representatives of the First Nations and Alaska Natives having sufficient expertise to "ensure that its consultants deliver the best in construction engineering, economics and environmental science."

Murkowski last year, after talks with Canadian Parliamentarians during the Canada-U.S. Interparliamentary Conference, later discussions with Canadian Ambassador Raymond Chretien and Canadian Minister of Transport David Collinette, and talks with the Canadian-American Border Trade Alliance, suggested it might make sense to reconsider the feasibility of building the roughly 1,200 miles of rail that would be needed to finish the railroad, last seriously considered in 1943.

The Alaska Railroad currently ends at Eielson Air Force Base, outside of Fairbanks, about

270 miles from the Canadian border, while the Canadian rail system ends at either Fort Nelson or beyond Fort St. James, about 900 miles from the Alaskan border.

Murkowski said the dawn of a new millennium may be the time to resurrect the railroad because both Alaska and the Yukon, while "land rich," are still "poor" in the amenities taken for granted in other areas of the two nations.

"One of the chief roadblocks to development of the north is the lack of adequate transportation. With all the talk about how the developed countries are moving from manufacturing to 'service' societies, the fact is that we are still dependent on getting material objects -- food, iron ore, lumber, other resources -- from one place to another. And because Alaska and the Yukon do not have the transportation infrastructure they need, both our nations are a little poorer than they have to be," said Murkowski.

He said the railroad's time may have come for several reasons.

He noted the line would allow economic development of the mineral resources of the Yukon-Tanana uplands that stretch from Faro, Y.T., north to Fairbanks. The zone, home already to the Fort Knox gold mine in Alaska and the future home of mines working the huge Pogo gold deposit, contains large amounts of silver, tungsten, copper, lead, zinc and other ores. On the Alaska side of the border there are already more than 14 major hard-rock deposits identified, while in the Yukon there are more than 10 major mineral deposits known. This does not include the Alaska coal deposits a line could move to market.

Murkowski added the railroad's likely cor-

ridor is also filed with timber. He said within just 15 miles of a likely railroad corridor, there are 1.4 billion board feet of hardwood pole timber and almost 1.7 billion board feet of mixed pole timber, not counting the possibility of agricultural development or of other Alaska freight that could help fund the line's costs.

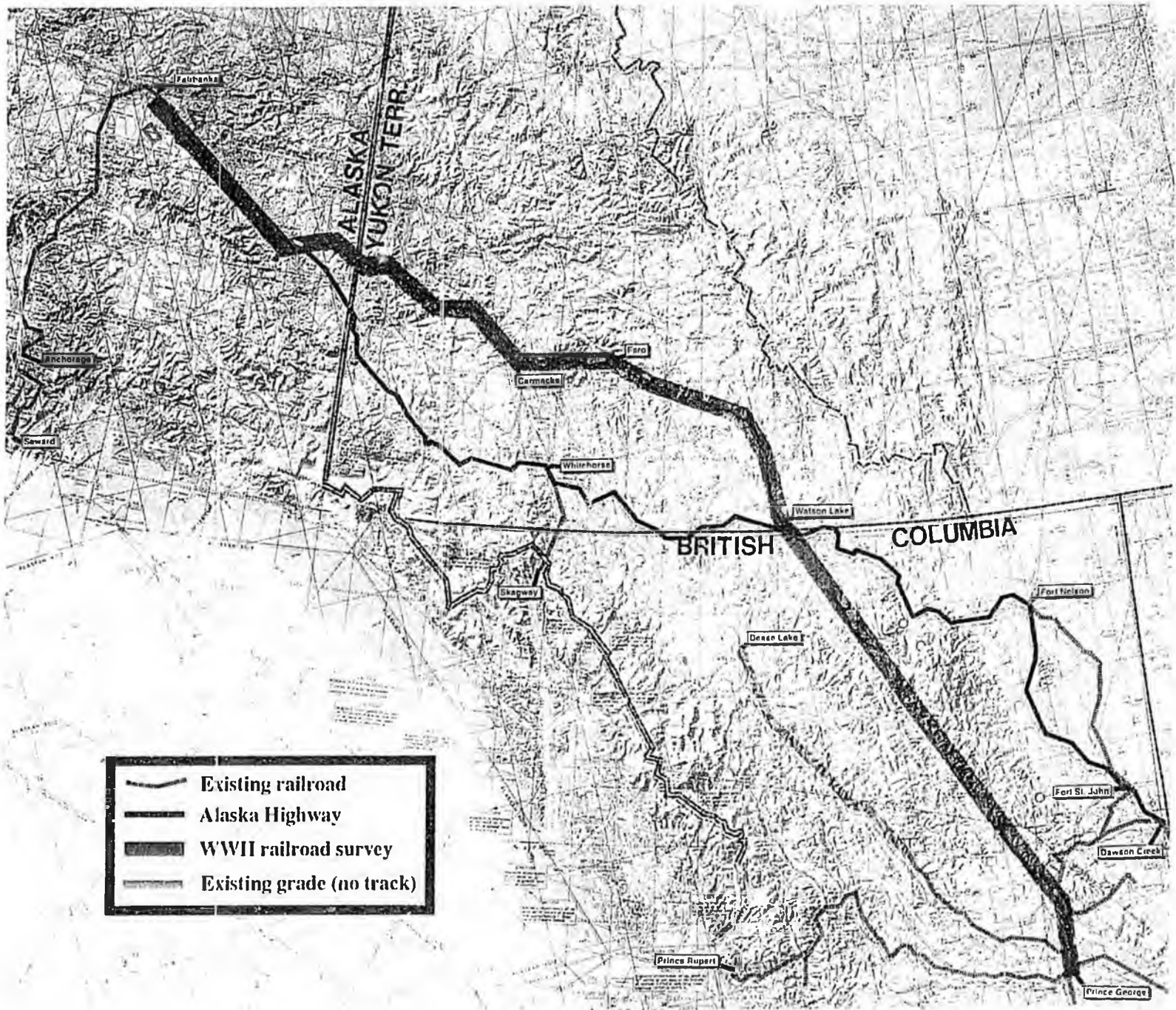
Murkowski, noting that testing is continuing on a North American anti-missile defense system, added that one of the prime sites under consideration for a missile interceptor base is at Delta in Alaska, which could well justify construction of the first 80 miles of the Alaska Railroad's extension toward the Canadian border.

And the U.S. Senator said a railroad corridor would encourage co-location of all pipeline and power transmission lines -- a process that makes environmental sense.

"A rail corridor offers controlled access that removes the environmental threat of uncontrolled development. Rail systems are the most energy efficient and emit the lowest levels of air pollution of any mode of freight transportation. Rather than cause environmental concerns, a railroad offers the best options to protect the environment," said Murkowski.

"We should not be afraid to think seriously about big projects. Just because they're big, doesn't make them bad. In this day and age of great concern for the environment: if one assumes -- as I do -- that the resources of the Yukon and Alaska inevitability will be developed, then rail looks like a very healthy way to make that possible," said Murkowski.

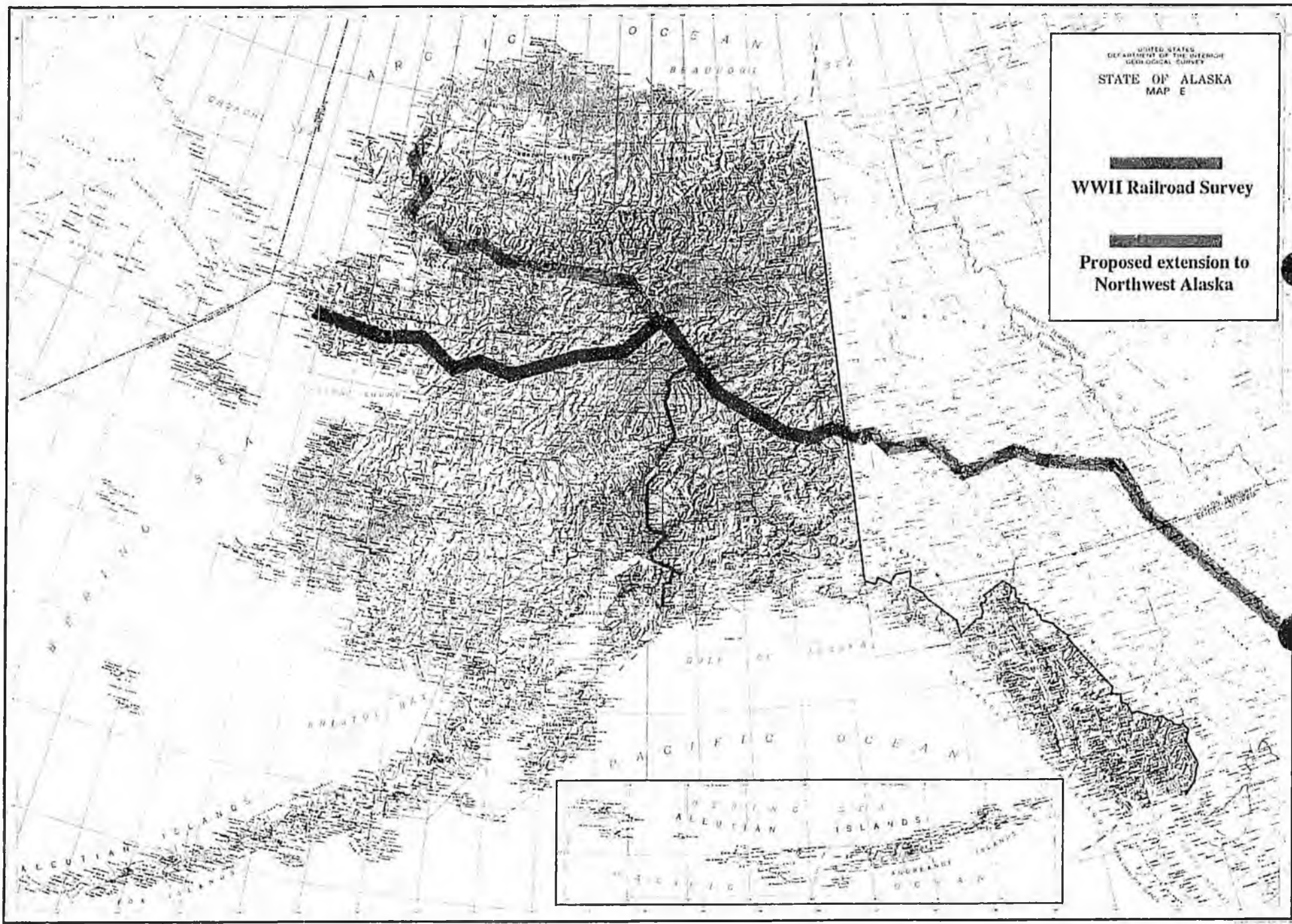
-30-



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
STATE OF ALASKA
MAP E

WWII Railroad Survey

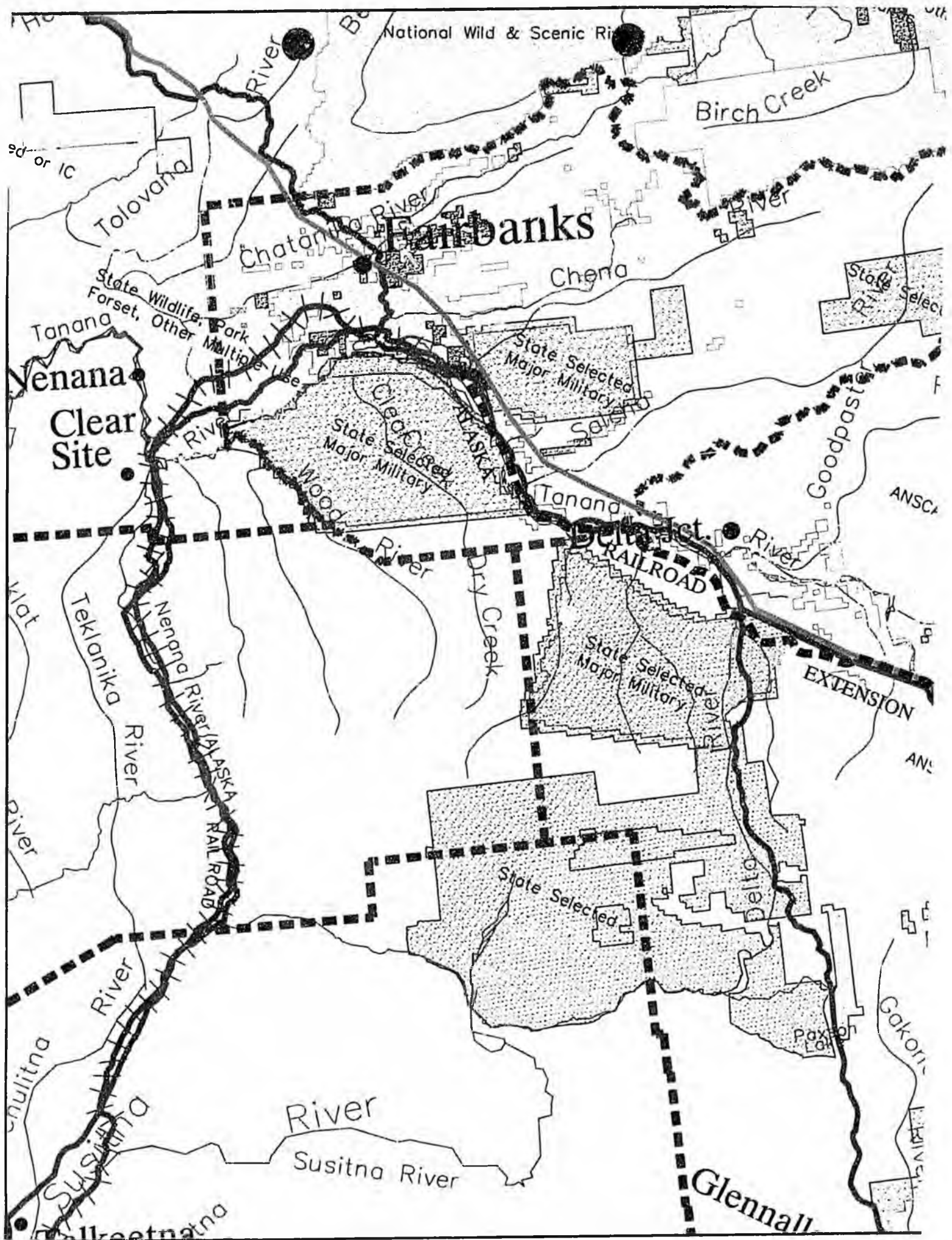
Proposed extension to
Northwest Alaska



Prepared by the office of United States Senator Frank H. Murkowski. For further information, contact Chuck Kleeschulte, Press Secretary, at (202) 224-6665. Although every attempt has

been made to assure the accuracy of the information in this packet, changing resource data prevents guaranteeing the authenticity of all the information.

produced by Robert W. Corbisier



HB 241

Report of the
JOINT HOUSE COMMITTEE
on a
RAILROAD /
TRANSPORTATION-UTILITY
CORRIDOR
TO CONNECT ALASKA
WITH THE REST OF
NORTH AMERICA

Second Printing: April 2, 2001

February 20, 2001
Alaska State Capital, Juneau, Alaska

Published by the office of Representative Jeannette James
Room 214, Alaska State Capital
Juneau, Alaska 99801
Richard F. Schmitz, Editor

URL: www.repjames.org

Alaska State Legislature

Rep. Lesil McGuire, Chair
Rep. Joe Green, Vice-Chair
Rep. Fred Dyson
Rep. Jeanette James
Rep. Beverly Masek
Rep. Carl Morgan
Rep. Norman Røkeberg
Rep. Harry Crawford
Rep. Gretchen Guess



State Capitol
Juneau, AK 99801-1182
(907) 465-4955

House Special Committee on Economic Development, Trade and Tourism

March 28, 2001

Dear Reader,

This is a collection of the material presented at the joint committee of Transportation, Oil & Gas and Economic Development, Trade & Tourism on February 20, 2001. It includes all of the testimony from the experts and various members of corporations that want to build a transportation and utility corridor. This information should be helpful to all those interested in the development of this project.

The proposed corridor would benefit several industries and be a significant tool for enhancing economic development. Not only was this joint meeting a productive step toward furthering economic relations between Alaska and Canada, but it likely encouraged the future discussion of related issues between our two bordering countries.

I sincerely hope that you find this information useful as well as informative. If you have any comments or questions regarding the materials contained in this packet or any of the issues we discussed at the joint meeting, please don't hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lesil McGuire".

Representative Lesil McGuire

**ADDRESS BY REPRESENTATIVE JEANNETTE JAMES
TO PAC-COM CONFERENCE, ANCHORAGE, FEB. 14, 2001**

Remember the last time you were stopped at a railroad crossing gate ... Your first reaction was probably great annoyance, particularly if you were in a big hurry.

But think about it ... I'll bet you still looked for that train as it approached. And I'll go so far as to say that you probably felt a little, tiny thrill as the train went by. There's something about a train that seems to just force you to stop, look and listen.

I've always loved trains. And it's no secret that I'd love to see a railroad built to connect Alaska with the rest of North America ... which is the reason I'm speaking to you right now.

Not everyone in Alaska is as big a fan of trains as I am, though. Take Anchorage Daily News columnist Mike Doogan, for example. Mike's big problem with building a railroad to the Lower 48 is that it would be using, and I quote here, "the very best of 19th century technology."

I think Mike Doogan should get out a little more.

Just because railroads were visionary in the 19th century doesn't mean they won't be visionary in the 21st. Have you been in Salem, Oregon lately? The train station there is shiny-new and fully restored to its original grandeur. Seattle's King Street Station will be similarly restored. These are no tourist attractions, they're working train stations -- and they're plenty busy. Amtrak's new Cascades service connects Vancouver, B.C. with Eugene, Oregon three times a day. The lines' new Talgo trains, designed and partly manufactured in Spain, are sleek ... fast ... and packed with passengers. Commuters now move between Seattle and Tacoma on the brand-new Sounder ... double deck passenger cars with locomotives just as new and shiny as the California Zephyr was in 1936.

There's nothing 19th century about either of these trains. There's nothing 19th century about the Eurostar -- the high speed train which connects London and Paris through the Channel Tunnel in about the same time it would take by air, counting the time to and from the airport, for a little less money.

Trains are cutting edge. New locomotives use natural gas as fuel. Other new locomotives use gravity to generate electricity. Intermodal technology allows for rapid movement of cargo.

Railroads were cutting edge in the 1850s. And they're cutting edge in 2001. When the White Pass and Yukon Route was built in 1899, it was considered truly visionary. And it will be visionary when Alaska is finally connected with the rest of North America by rail a century or so later.

Relative to other forms of transportation, railroads are inexpensive, durable, effective and easy to build.

The footprint a railroad makes on the land and environment is small. But the impact a railroad makes on an economy is great. And that's another reason why I'm speaking to you here.

Lets look at Alaska, where railroads are limited compared to most of the rest of North America. Is it just coincidence that Alaska's economic heartland is called "The Railbelt?" Is it only coincidence that Anchorage -- and not Valdez -- is Alaska's largest city? Remember, for a second, that when the visionaries who decided to build the Alaska railroad, Valdez was the main Alaska port and what we now know as Anchorage was a tent city construction camp.

I represent North Pole, and the railroad's economic presence is certainly evident there every time a refinery employee cashes a paycheck. The same could be said for Healy or Usibelli, communities also in my district. Chances are you've watched those gold and blue Alaska Railroad engines haul rail car after rail car of coal or jet fuel.

I was at a committee hearing the other day, and the economist who was speaking made the off-hand comment that "Alaska didn't have an economy." People were kind of taken aback by that statement. ... But I knew exactly what he was talking about. We don't have an economy in Alaska ... we have a series of boom and bust cycles, and do you know the worst part of that? We aren't even the engineer that drives those booms and busts. Alaska's economy is *reactionary* instead of *actionary*. There ... I made up a new word!

This is why I am such a strong advocate of building this railroad. Over and over again we are told that Alaska must improve its infrastructure. Mining -- which historically has provided among the best-paying jobs this state can offer -- will remain limited to narrow belts around existing roads, ports or cities. A railroad from Eielson Air Force Base to the Canadian Border, however, passes within miles of some of the state's most promising and proven mineral reserves. Not only are the Tanana uplands rich in gold and silver, but there are proven deposits of copper, lead, zinc, tin, molybdenum and tungsten.

This rich geological belt extends across the border to the Yukon Territory, where mining now is in steep decline due to transportation issues. Still, mining is the No. 1 commercial activity in the territory.

Railroads provide mines with exactly the kind of transportation they need, because, once connected with the North American rail system, concentrates can be shipped to a smelter economically and efficiently. Manufactured goods, timber and agricultural products could be sent to market with similar efficiency. And I see a new role for Alaska's ports such as Anchorage. Freighters sailing between the West Coast and Asia pass right by Alaska. With a rail connection to the rest of North America, containerized goods from, or headed to, the Mid West or East Coast could transfer to rail right here, putting Alaskans to work in this transportation sector.

This summer I bought a new, digital camera. One of its features is a lens with an adjustable view. Push the button one way, and you get a wide view. Push it the other way and you get what I call a long view. I believe Alaska must take two looks at this railroad

project: a broad view, and a long view. When I talk about benefits to resource industries, I'm taking the long view ... to a time when the railroad link is up and running.

Now let's look at the wide view.

The project I envision is more than simply iron tracks, ties and locomotives. I see a transportation and utility corridor. When we lay tracks, we must also lay fiber optic cable. I don't think you can have too much fiber optic connectivity. True, Alaska can export mineral concentrates. But Alaska can also export information ... vision ... expertise ... and ideas.

If we are going to have an economy in Alaska, we have to create wealth. To do this we sorely need to have transportation infrastructure, and this is the heart of the reason why I have been pressing this issue since 1993, when I began my service in the Alaska House of Representatives. A railroad connection to the rest of North America will mean incentive and opportunity for the private sector to invest in Alaska, thereby creating the roots of a real and stable economy.

I have learned that for each job in the basic economy, two and a half are created in the service sector. Service industry jobs cannot exist in a vacuum -- or in an economy that lacks long-term stability. To put it simply, If no wealth is created, then there's no one to pay for services.

In taking a broad view of the railroad I see great potential for tourism. I am convinced tourism will be a major user of this railroad ... particularly when you consider the trip itself will be the destination. In a week you could go from Fairbanks to New York and back. Imagine, you could watch the northern lights one day ... and the lights of Broadway a few days later.

I am fully aware that some of my contemporaries don't believe the railroad will ever be built, and I guess they wonder why I or other supporters of the project bother to put in the effort. ... Let me quote for them from a work of classic literature ... and I'll pose it in the form of a question ...

Just when did we as Alaskans decide to let "I Think I Can, I Think I Can, I Think I Can" be the end of the story?

SPEECH TO CHAMBER OF COMMERCE
by REPRESENTATIVE JEANNETTE JAMES,
February 22, 2001

Before I begin, I have to tell you it took a few minutes to come up with suggestions for a title for my address to you here today. ...

So I see from the flyer the final draft turned out to be "The Inside **Track** to a Growing, Healthy Economy."

Now, I know you know that building a railroad to connect our state with the rest of North America is a project I've worked long and hard on. I have to tell you I think it's a very good sign when I find little puns included in titles of my speeches.

I'm working hard on this railroad connection ... How hard? Well, I have to tell you ... I think a gas pipeline to the Lower 48 will be an excellent add-on to this railroad project!

But I'm here to speak about a **growing, healthy economy** ... and about **growing a healthy economy**.

To begin, let me offer you a couple of my basic tenets. ... because I've been repeating them a lot lately, or so it seems.

One. I do not believe Alaska has an economy. Not really. Alaska does have a series of boom and bust cycles, framed by federal pass-through funds. ... All of which are restricted and most of which require a state match.

What we have is an out of balance economy ... most of it in the service sector. We do not have sufficient basic industries to support steady, long-term growth ... and a steady long-term growth pattern is absolutely necessary for a growing, healthy economy and quality of life. ...

We are fortunate right now -- the price of oil is high ... Although the price of oil is an important part of our income, it also increases our cost of living as fuel prices rise.

Our most tremendous asset, of course, is our three guys in Washington. Their seniority and prowess is unmatched. ... But we don't have a lot of control over that, either. At some point we will not have these people holding up what is **really** a major portion of Alaska's economy, and we should all think long and hard about that now. ...

Two. We must have a long term revenue plan. What should that plan look like? ... I will repeat, as I have many times before ...

I believe we need a broad-base tax ... where everyone pays a little ... there ain't no free lunch. And in that statement, two negatives do not make a positive ... they make a bigger negative.

We need to use some earnings of the Permanent Fund. We need to maintain a healthy dividend program over the long term.

We must continue to find efficiencies in government --- and we need to accelerate our opportunities to develop our natural resources ... and that, of course, includes our people.

My constituents are very insistent about cutting and streamlining the cost of state government ... and I fully agree with them But backing up is very hard to do.

I would like to tie one and two together with another of my basic tenets ... you can not tax your way to prosperity!

The public does not seem to understand that we have less money coming in than we need to fund the services they want and the ones we are required to provide. In anyone's math, that means we are eating up our savings ... which will soon be gone ... and what then? We have to fill that gap some way.

I believe you understand this issue. You know, as business people who depend on income to cover your expenses and paycheck, you cannot continue to operate by spending more than you take in without inviting disaster.

We have exercised restraint and reduction in spending over the last five years. It has been very, very difficult.

There are only two ways to balance the issue -- one is to cut spending, the other is to increase income. You as business people also understand that you cannot cut spending when it eats into your ability to bring in income ... or your paycheck will disappear.

The general public does not understand this fact ... It takes money to make money. We need to balance our benefits with our responsibilities.

And you can help.

The Alaska public needs a reality check. We need a serious dose of education. As business people you create -- or at least spread the cash flow in this state

We need to be sure we have a reliable source. Is it a spring that will be ever-flowing? Or will it be a slough that just collects runoff?

The public must understand this theory.

I am a supporter of building a rail connection because I am convinced it will become a lynchpin of a real Alaska economy. We lack infrastructure, and therefore much of our state's wealth is off the table.

Trains are cutting edge. New locomotives use natural gas as fuel. Other new locomotives use gravity to generate electricity. Intermodal technology allows for rapid movement of cargo.

Railroads were cutting edge in the 1850s. And they're cutting edge in 2001. When the White Pass and Yukon Route was built in 1899, it was considered truly visionary. And it will be visionary when Alaska is finally connected with the rest of North America by rail a century or so later.

Relative to other forms of transportation, railroads are inexpensive, durable, effective and easy to build.

The footprint a railroad makes on the land and environment is small. But the impact a railroad makes on an economy is great.

Lets look at Alaska, where railroads are limited compared to most of the rest of North America. Is it just coincidence that Alaska's economic heartland is called "The Railbelt?" Is it only coincidence that Anchorage -- and not Valdez -- is Alaska's largest city?

Remember, for a second, that when the visionaries decided to build the Alaska railroad, Valdez was the main Alaska port and what we now know as Anchorage was a tent city construction camp.

I represent North Pole, and the railroad's economic presence is certainly evident every time a refinery employee cashes a paycheck. The same could be said for Healy or Usibelli, communities also in my district.

I am very encouraged about this project. Senator Murkowski passed legislation authorizing a bilateral commission -- and up to \$6 million to fund it. The commission's task will be to complete a feasibility study.

A number of meetings will be taking place in Washington D.C. before the month is over, all involved with moving this project forward. I have been told the next step is formally presenting the commission to Canada's federal government.

Folks in the Yukon are solidly behind this project, and I think we are seeing some good signs that the Canadian government will stand behind them.

Much of the criticism of the railroad connection surrounds its cost, which will be in the billions of dollars. But in talking with folks involved with the business of

building a gas line, I am convinced there is an opportunity to see economies of scale in building **both** along a shared corridor.

That's why I'm advocating a transportation and utility corridor. One Environmental Impact Study (EIS) could cover all, allowing for efficient construction of not only a gas line and a railroad, but also fiber optic cable and energy transmission lines.

Someday Alaska may export mining concentrates and coal ..., agricultural products ... frozen seafood ... But Alaska can also export information ... vision ... expertise ... and ideas.

If we are going to have an economy in Alaska, we have to create wealth. To do this we sorely need to have transportation infrastructure, and this is the heart of the reason why I have been pressing this issue since 1993 when I began my service in the Alaska House of Representatives.

A railroad connection to the rest of North America will mean incentive and opportunity for the private sector to invest in Alaska, thereby creating the roots of a real and stable economy.

I have learned that for each job in the basic economy, two and a half are created in the service sector. Service industry jobs cannot exist in a vacuum -- or in an economy that lacks long-term stability. To put it simply, If no wealth is created, then there's no one way to pay for services.

I am fully aware that some of my contemporaries don't believe the railroad will ever be built, and I guess they wonder why I or other supporters of the project bother to put in the effort. ...

Let me quote for them from a work of classic literature ... and I'll pose it in the form of a question ... Just when did we as Alaskans decide to let "I Think I Can, I Think I Can, I Think I Can" be the end of the story?

I love to talk about economic development and transportation infrastructure -- but I can't say I love talking about raising taxes. But I have to.

Alaskans -- all of us -- will be facing some bad news in a few short years. I said as much in a newsletter I sent to a little over 3,000 voters in my district. I laid it out just as plain as I know how. ... Here are a few of the things I said:

When it comes to a long-term revenue plan, I have ideas -- but I don't have solutions. ... For that reason, I need to hear from you. No long term revenue plan can ever work if it doesn't have the support of the people.

Then, I explained that in a few years the constitutional budget reserve will be empty. In the long term, some earnings of the permanent fund will have to be used to pay for state government. To balance our budget, we will have to use

some combination of fair and equitable taxes ... and earnings of the permanent fund.

I added that the longer we limit use of the permanent fund to inflation-proofing and paying dividends, the more vulnerable the fund is to IRS taxation.

Well, the constituents who responded to the survey I enclosed offered their support -- and I'm thankful for that -- but, clearly, there is a lot of educating we have to do.

Let me share with you the gist of comments I received in response to my request for their ideas as to how we can balance the budget in the next decade or so. I asked respondents to assume we will need to raise between \$500 million and \$1 billion a year.

The majority of respondents did not want any new taxes ... or for us to spend any of the permanent fund earnings. They want to keep the dividend as it is ... and they're not willing to let the budget grow with any increased population or cost of living.

Obviously they didn't hear me -- nor do they believe there is a problem.

One respondent said he supports both an income tax and a sales tax -- with two conditions -- surely he jests -- that anyone who receives a permanent fund dividend be exempted from the income tax, and that anyone who has an Alaska drivers license be exempted from the sales tax.

I have no intention of poking fun of the people who've taken the time to respond to my survey. Just the opposite, because I am extremely grateful for the time and effort these folks put in to answering questions none of us have yet been able to answer.

We may be making some progress. In the 1999 "what part of 'no' don't you understand" vote, just 16 percent of my district voted in favor of the long-range plan. Of survey results I've tallied, 19 percent said they would at least support a cap on the permanent fund dividend; 36 percent said they could support using excess earnings of the Permanent Fund, and 29 percent said they could support a flat income tax.

Progress? Maybe. ...

One thing my survey respondents did agree on -- almost totally -- was the need to continue to find efficiencies in state government.

But sometimes these efficiencies cost money up front. In other words, we might have to pay to save money in the future.

But we have struggled over five years to cut \$250 million in state spending. Yet when you allow for the natural growth in government -- not new programs, but allowances for population increases and cost increases, such as for fuel, we have actually cut much deeper.

So I have to say that it is hard to invest in making government cheaper and better.

In conclusion ... I have a job for you.

I believe people in business have a lot at stake when it comes to finding a fix for our state's revenue issues. But we -- and I'm speaking as a small business owner here -- must begin to educate the public. Most Alaskans are convinced other people beside themselves can be made to pay. Make industry pay more, we are told. Make tourists pay ... while all the time wanting us to spend money on the services they use, need or support.

SECTION 1:

**MINUTES, AGENDA,
PARTICIPANT PROFILES,
SIGNIFICANT LEGISLATION**



URL: www.repjames.org

ALASKA STATE LEGISLATURE

REPRESENTATIVE
JEANNETTE JAMES
PO Box 56622
North Pole, Alaska 99705
(907) 456-1546
FAX (907) 488-4271



While in Juneau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381

Majority Leader
House of Representatives
House District 34

JOINT HOUSE COMMITTEE on CONSTRUCTION OF A TRANSPORTATION/UTILIY CORRIDOR TO CONNECT ALASKA WITH THE REST OF NORTH AMERICA

February 20, 2001
10:30 a.m.-12:30 p.m.
House Finance Committee Room

AGENDA

- | | |
|------------|--|
| 10:30 a.m. | Call to order; introduction of participants, other legislators present. 10:30 a.m. (Gavel in Joint House Committee, including Yukon legislators: MLAs Mike McLarnon, Scott Kent and Cynthia Tucker.) |
| 10:30 a.m. | Bill Woolf, speaking for Senator Frank Murkowski from Washington, D.C. |
| 10:45 a.m. | Larry Bagnell, Yukon MP, from Ottawa, Ont. |
| 11:00 a.m. | Scott Kent, Yukon MLA, speaking for Premier Pat Duncan from Whitehorse, YT. |
| 11:15 a.m. | Dr. Milt Wiltse, Power Point presentation: East Central Alaska Geologic Resources and Access Corridors |
| 11:30 a.m. | Dr. Paul Metz, University of Alaska Fairbanks |
| 11:45 a.m. | Jim Kubitz, Alaska Railroad |
| 12 noon | Tom Brigham, speaking for (Alaska Department of Transportation and Public Facilities) Commissioner Joe Perkins |
| 12:15 p.m. | Colin Chapman, for Congressman Don Young, from Washington, DC. |
| 12:30 p.m. | Gavel out. |

Scott Kent

Deputy Caucus Chair

Deputy House Leader

Deputy Chair of the Committee of the Whole House

MLA - Riverside

Yukon Liberal Party



Scott Kent was elected as the MLA for Riverside in the general election on April 17, 2000.

Mr. Kent has been a Whitehorse resident since 1973. He attended Selkirk Elementary School and F.H. Collins Secondary School as well as the University of Calgary.

He has been the president of the Yukon Broomball Association since 1997 and is the president of the Whitehorse Flag Football League. He is part owner of a local business and a holding company.

He was most recently the sales and purchasing manager for Whitehorse Distributors, where he worked for the past 10 years.

E-mail: scott.kent@gov.yk.ca

Mike McLarnon

Deputy Speaker

Chair of the Committee of the Whole House

MLA - Whitehorse Centre

Yukon Liberal Party



Mike McLarnon was elected as the MLA for Whitehorse Centre in the general election on April 17, 2000.

Mr. McLarnon is a life-long Yukon resident, born and raised in downtown Whitehorse. He is a former board member of the Yukon Sourdough Rendezvous Society, the Tourism Industry Association and Heritage North.

He is a winner of the Conference Board of Canada "Award of Excellence for Youth Employment" and was a host for the Yukon Pavilion at Expo '86.

He was most recently the owner and operator of the Whitehorse Airport Gift Shop and all visitor services at Parks Canada's S.S. Klondike.

He is married to Jeannette McLarnon.

E-mail: mike.mclarnon@gov.yk.ca

Cynthia Tucker

*Government House Leader
Caucus Chair*

*MLA - Mount Lorne
Yukon Liberal Party*



Cynthia Tucker was elected as the MLA for Mount Lorne in the general election on April 17, 2000.

Ms Tucker has been a property manager for commercial, residential and special-use facilities and a small business owner.

She has experience in mediation and negotiation, conflict resolution training, land use planning and zoning and urban land economics. She was a member of the Yukon Horseman's Association and the Yukon Agricultural Association, a Canadian Ranger and a founding member of the Carcross Ranger Patrol.

She was most recently the manager of the Whitehorse Housing Authority and the Chair of the Hamlet of Mount Lorne Council. She was a board member of the Association of Yukon Communities and the Community Training Trust Fund.

Ms Tucker, who is married to Harry Kern, lives in the Robinson subdivision outside of Whitehorse.

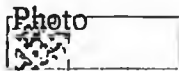
E-mail: cynthia.tucker@gov.yk.ca



Français

37th Parliament

Members of the House of
Commons



Name: Mr. Larry Bagnell
Political Party: Liberal Caucus
Constituency: Yukon
Province: Yukon
Telephone: (613) 995-9368
Fax: (613) 955-0945
Email: Bagnell.L@parl.gc.ca

Parliamentary Internet Parlementaire



State of Alaska Legislature

* please distribute * → Loulaputo

Please enter my testimony into the record to the

HFIN Committee in regard to the
(Committee Name)

Transp. Corridor to No. Am. on 2-20-01.
(Bill/Subject) (date)

I AM VERY MUCH AGAINST THE PROPOSE ROUTE OF THE RAILROAD EXTENSION WHERE IT LEAVES THE AK HWY CORRIDOR AND FOLLOWS THE LADUE RIVER. THAT INVADES SENSITIVE WILDLIFE, HABITAT THAT IS USED BY 2 CARRIBOU HERDS, MOOSE + OTHER WILDLIFE. IF YOU HAVE TO HAVE A RAILROAD, FOLLOW THE AK HWY ALL THE WAY THEN AK + CA

SIGNED AL KEECH
(PLEASE PRINT)

POB 362 TDK, AK 99780
ADDRESS AND PHONE NUMBER

I HAVE NOT HEARD ONE WORD SAID ABOUT WILDLIFE OR HABITAT SPOKEN. ???

ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE SPECIAL COMMITTEE ON ECONOMIC
DEVELOPMENT, TRADE AND TOURISM
HOUSE SPECIAL COMMITTEE ON OIL AND GAS
HOUSE TRANSPORTATION STANDING COMMITTEE
February 20, 2001
10:30 a.m.

COMMITTEE CALENDAR

OVERVIEW: UTILITY CORRIDOR & RAILROAD RIGHT-OF-WAY TO CANADA

TAPES

01-8, SIDES A & B

(PLEASE ADD ANY OTHER TAPES)

(Please note these are House Special Committee on Economic Development, Trade and Tourism tapes)

CALL TO ORDER

REPRESENTATIVE MCGUIRE, Chair, called the joint meeting of the House Special Committee on Economic Development, Trade and Tourism; the House Special Committee on Oil and Gas; and the House Transportation Standing Committee meeting to order at 10:42 a.m.

PRESENT

Committee members present were Representatives Chenault, Crawford, Dyson, Fate, Green, Guess, James, Kapsner, Kohring, Kookesh, Masek, McGuire, Morgan, Ogan, Rokeberg, Scalzi, and Wilson.

SUMMARY OF INFORMATION

FRED DYSON: Complimented past presentations

JOE GREEN: Asked questions regarding the certainty of deposits discussed by Dr. Milt Wlitse. Also inquired about the safety issues of having a railroad and pipeline so close to a highway.

DREW SCALZI: Asked if there would be an increase in activity that would result in more funding for surveys

BILL WOOLF: Referred to Senator Murkowski's vision for better communication and transportation of resources and encouragement of a transportation corridor.

DR. PAUL METZ: Described possible routes for mining projects, a brief history of recent exploration of minerals.

JIM KUBITZ: Introduction of certain maps that outline possible routes for the utilities corridor.

COLIN CHAPMAN: Told the joint committee that Don Young was fully supportive of the plan to look into these issues for Alaska's future.

TOM BRINGHAM: Spoke about the Northwest corridor plan. Drew attention to looking at community and resident needs in terms of this issue.

ANNOUNCEMENTS

COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

CHAIR McGUIRE adjourned the joint meeting of the House Special Committee on Economic Development, Trade and Tourism; the House Special Committee on Oil and Gas; and the House Transportation Standing Committee meeting to order at 12:30 P.M.

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Second Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.

Introduced: 3/25/65
Referred: Resources

BY SENATORS KILCHER,
BLODGETT, FOSTER AND WALSH

1 IN THE SENATE

2 SENATE JOINT RESOLUTION NO. 66

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - FIRST SESSION

5 Relating to a highway connection
6 between North America and Asia
7 at Bering Straits.

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

9 WHEREAS long-range international agreements and cooperation
10 tend to tie nations together; and

11 WHEREAS joint projects and common interests of nations are
12 a deterrent to destructive wars; and

13 WHEREAS an international highway from the southern tip of
14 South America to the Bering Sea will soon be a reality; and

15 WHEREAS Asia and Europe are already linked together with a
16 complex highway system; and

17 WHEREAS the narrow Bering Straits are the only obstacle to
18 prevent the tying together of the American and Eurasian continents
19 by road;

20 BE IT RESOLVED that the United States government contact the
21 government of the U.S.S.R. to explore their interest in construct-
22 ing such a tunnel; and be it

23 FURTHER RESOLVED that the U. S. Department of Commerce be
24 requested to cause a feasibility study to be made concerning the
25 construction of an intercontinental highway to the Bering Sea
26 and a tunnel under the Bering Straits; and be it

27 FURTHER RESOLVED that this resolution be sent to the Honor-
28 able Lyndon B. Johnson, President of the United States; the
29 Honorable Dean Rusk, Secretary of State; the Honorable John T.

SJR 66

1 Connor, Secretary of Commerce; the Honorable Warren G. Magnuson,
2 Chairman, Senate Commerce Committee; the Honorable Oren Harris,
3 Chairman, House Interstate and Foreign Commerce Committee and the
4 Honorable E. L. Bartlett and the Honorable Ernest Gruening, U. S.
5 Senators, and the Honorable Ralph J. Rivers, U. S. Representative,
6 members of the Alaska delegation in Congress.

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Bill History/Action Display



BILL: HB 182 SHORT TITLE: APPROP: FAIRBANKS-NOME TRANS. CORRIDOR
 BILL VERSION:
 SPONSOR(S): REPRESENTATIVES(S) JAMES, Mulder

CURRENT STATUS: (H) FIN STATUS DATE: 4/19/93

TITLE: "An Act making a special appropriation to the Department of Transportation and Public Facilities, northern region, for identification and delineation of a transportation and utility corridor between Fairbanks and the Seward Peninsula; and providing for an effective date."

Jrn-Date	Jrn-Page	Action
2/25/93	456	(H) READ THE FIRST TIME - REFERRAL(S)
2/25/93	456	(H) TRANSPORTATION, RESOURCES, FINANCE
3/31/93	893	(H) TRA RPT 4DP 2NR
3/31/93	893	(H) DP: MULDER, FOSTER, G.DAVIS, VEZEY
3/31/93	893	(H) NR: MACKIE, MENARD
4/01/93	920	(H) COSPONSOR(S): MULDER
4/19/93	1321	(H) RES RPT 4DP 2DNP 2NR
4/19/93	1321	(H) DP: CARNEY, GREEN, JAMES, MULDER
4/19/93	1321	(H) DNP: FINKELSTEIN, DAVIES
4/19/93	1321	(H) NR: BUNDE, WILLIAMS
4/19/93	1321	(H) REFERRED TO FINANCE

Similar Subject Match or Exact Subject Match

- APPROPRIATIONS
- HIGHWAYS
- RAILROAD
- SPECIAL APPROPRIATIONS
- TRANSPORTATION
- UTILITIES

Bill Root:

[Return to BASIS Main Menu\(18th Legislature\)](#)
[Return to the Legislature Home Page](#)
 BASIS Last Updated 12/31/94

Bill History/Action Display



BILL: HB 184 SHORT TITLE: APPRO: AK RAILROAD EXTENSION STUDY
 BILL VERSION: CSSH B 184(FIN)
 SPONSOR(S): REPRESENTATIVES(S) JAMES, Therriault, Olberg

CURRENT STATUS: RETURN TO (H) RLS STATUS DATE: 2/24/94

TITLE: "An Act making a special appropriation to the Department of Transportation and Public Facilities to determine the cost of acquiring real property within the right-of-way of the proposed extension of the Alaska Railroad from Eielson Air Force Base to the Alaska-Canada border; and providing for an effective date."

Jrn-Date	Jrn-Page	Action
2/25/93	456	(H) READ THE FIRST TIME - REFERRAL(S)
2/25/93	456	(H) TRANSPORTATION, FINANCE
1/18/94	2097	(H) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
1/18/94	2097	(H) TRANSPORTATION, FINANCE
1/21/94	2121	(H) TRA RPT 5DP
1/21/94	2121	(H) DP: VEZEY, MULDER, HUDSON, G. DAVIS,
1/21/94	2121	(H) DP: FOSTER
1/21/94	2121	(H) -FISCAL NOTE (DOT) 1/21/94
2/16/94	2412	(H) FIN RPT CS(FIN) 5DP 4NR
2/16/94	2413	(H) DP: LARSON, MARTIN, PARNELL, THERRIAULT
2/16/94	2413	(H) DP: FOSTER
2/16/94	2413	(H) NR: BROWN, HANLEY, GRUSSENDORF, NAVARRE
2/23/94	2497	(H) RULES TO CALENDAR 2/23/94
2/23/94	2497	(H) READ THE SECOND TIME
2/23/94	2498	(H) FIN CS ADOPTED UNAN CONSENT
2/23/94	2498	(H) ADVANCED TO THIRD READING UNAN CONSENT
2/23/94	2498	(H) READ THE THIRD TIME CSSH B 184(FIN)
2/23/94	2498	(H) PASSED Y30 N7 E3
2/23/94	2499	(H) EFFECTIVE DATE SAME AS PASSAGE
2/23/94	2499	(H) ULMER NOTICE OF RECONSIDERATION
2/24/94	2522	(H) RECON TAKEN UP - IN THIRD READING
2/24/94	2523	(H) RETURNED TO RULES COMMITTEE

Similar Subject Match or Exact Subject Match

- APPROPRIATIONS
- RAILROAD
- RESOURCES
- SPECIAL APPROPRIATIONS
- TRANSPORTATION
- UTILITIES

Bill Root:

Bill Text



BILL ID: SCS CSHB 183(TRA)(EFD FLD S)

00 SENATE CS FOR CS FOR HOUSE BILL NO. 183(TRA)(efd fld S)
 01 "An Act directing the identification and delineation of a transportation and utility
 02 corridor between Fairbanks and the Seward Peninsula."
 03 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
 04 * Section 1. AS 19.25 is amended by adding a new section to read:
 05 Sec. 19.25.123. FAIRBANKS - SEWARD PENINSULA TRANSPORTATION
 06 AND UTILITY CORRIDOR. (a) Subject to legislative appropriation, the department
 07 shall identify and delineate a proposed transportation and utility corridor between
 08 Fairbanks and the western end of the Seward Peninsula.
 09 (b) In performing the work required by (a) of this section,
 10 (1) the railroad alignment and identification of a railroad right-of-way
 11 of not less than 500 feet, together with adjacent sites that can be developed for
 12 necessary construction materials, shall guide the identification and delineation of the
 13 corridor; and
 14 (2) the department shall consider the following factors:
 01 (A) grade and alignment standards that are commensurate with
 02 rail and road construction standards;
 03 (B) availability of construction materials;
 04 (C) safety;
 05 (D) impacts on and service to adjacent communities;
 06 (E) environmental concerns;
 07 (F) use of public land to the maximum degree possible;
 08 (G) minimization of probable construction costs;
 09 (H) the location of, and the opportunity to obtain access to,
 10 identified natural resources that could contribute significantly to the state's
 11 economic development; and
 12 (I) prior and established traditional uses.
 13 (c) Within 90 days after receiving a report transmitting the work of the
 14 department under (a) of this section, the commissioner shall, in conformity with
 15 AS 44.62 (Administrative Procedure Act), if necessary, adopt a regulation approving,
 16 modifying, or rejecting the proposed corridor.
 17 (d) If the commissioner approves or modifies the proposed corridor when
 18 presented under (c) of this section,
 19 (1) the Department of Natural Resources shall promptly classify, or
 20 reclassify, and reserve any state land within the corridor and at adjacent sites that can
 21 be developed for necessary construction materials for use as a corridor; and
 22 (2) the department shall
 23 (A) subject to legislative appropriation, exercise its authority
 24 under AS 19.05.040 to acquire rights-of-way across land within the corridor
 25 that is subject to the state's power of condemnation; and
 26 (B) work with federal officials to secure reclassification and
 27 withdrawal of federal land in the corridor for reservations and rights-of-way
 28 across the federal land for use as a corridor.
 29 (e) The requirements of AS 38.05 (Alaska Land Act) relating to classification
 30 and reclassification of land are inapplicable to actions taken under this section.
 31 (f) To complete the work required by this section, the commissioner may
 01 accept any legal gifts and grants and may enter into contracts or other transactions or
 02 agreements relating to it with the federal government, an agency or instrumentality of
 03 the state, a municipality, or a private organization.
 04 (g) In this section, "corridor" means the transportation and utility corridor
 05 required to be identified and delineated by (a) of this section.
 06 * Sec. 2. AS 19.25.123, added by sec. 1 of this Act, is repealed July 1, 2055.

Bill Root: Display History/Action Clear Bill Root

[Return to BASIS Main Menu\(18th Legislature\)](#)

[Return to the Legislature Home Page](#)

BASIS Last Updated 12/31/94

Bill Text



BILL ID: CSSB 135(FIN)

00 CS FOR SENATE BILL NO. 135(FIN)

01 "An Act making a special appropriation to the Department of Transportation and
02 Public Facilities to determine the cost of acquiring real property within the right
03 -of-way of the proposed extension of the Alaska Railroad from Eielson Air Force
04 Base to the Alaska-Canada border; and providing for an effective date."

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

06 * Section 1. The sum of \$10,000 is appropriated from the general fund to the Department
07 of Transportation and Public Facilities for the fiscal year ending June 30, 1995, to determine
08 the cost of acquiring private land and private interests in land within the right-of-way
09 described in the April 1982 updated report of the Department of Transportation and Public
10 Facilities on Route Selection for the Alaska Railroad Extension from Eielson to Canadian
11 Border.

12 * Sec. 2. This Act takes effect July 1, 1994.

Bill Root:

[Return to BASIS Main Menu\(18th Legislature\)](#)

[Return to the Legislature Home Page](#)

BASIS Last Updated 12/31/94

HOUSE JOINT RESOLUTION NO. 51

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES JAMES, Dyson, Harris, Whitaker, Foster, Masek, Kott, Coghill, Davies, Croft, Murkowski, Hudson, Therriault, Ogan, Austerman, Kemplen, Cowdery

Introduced: 1/31/00

Referred: House Special Committee on World Trade and State/Federal Relations, Transportation

A RESOLUTION

**1 Expressing support for a cooperative United States-Canada feasibility study on
2 extending the North American rail system through British Columbia and the
3 Yukon Territory to Alaska.**

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

**5 WHEREAS rail transportation is the most cost-effective long distance method of
6 overland transportation; and**

**7 WHEREAS rail transportation is an essential component of the North American inter-
8 modal transportation system; and**

**9 WHEREAS rail transportation is energy efficient, capable of moving goods three to
10 nine times farther per unit of fuel than highway transportation; and**

**11 WHEREAS rail transportation emits lower levels of carbon monoxide, carbon dioxide,
12 nitrogen oxides, and volatile organic compounds per ton of freight moved than other modes
13 of freight transportation; and**

**14 WHEREAS rail transportation systems allow controlled access to and reduced overall
15 effects on environmentally sensitive regions; and**

16 WHEREAS rail transportation remains an important component of national and

1 continental defense planning; and

2 **WHEREAS** the North American rail transportation system will not be complete until
3 it extends to all states, provinces, and territories on the continent; and

4 **WHEREAS** the State of Alaska recently enacted legislation to reauthorize the
5 delineation and acquisition of a rail transportation corridor from the present terminus of the
6 Alaska Railroad to the border between Alaska and the Yukon Territory; and

7 **WHEREAS** Alaska, the Yukon Territory, and British Columbia contain extensive oil
8 and gas, mineral, and timber resource reserves that currently are inaccessible, and bilateral
9 cooperation in the development of a freight transportation infrastructure would facilitate the
10 utilization of these resources for the benefit of the United States and Canada; and

11 **WHEREAS** a northern rail system may significantly benefit the visitor industry by
12 facilitating the comfortable movement of passengers over long distances while minimizing the
13 effect of such movement on the surrounding environment; and

14 **WHEREAS** ongoing research and advancements in rail technology continue to
15 increase the efficiency of rail transportation and ensure rail safety and decrease the effect of
16 rail transportation on the environment;

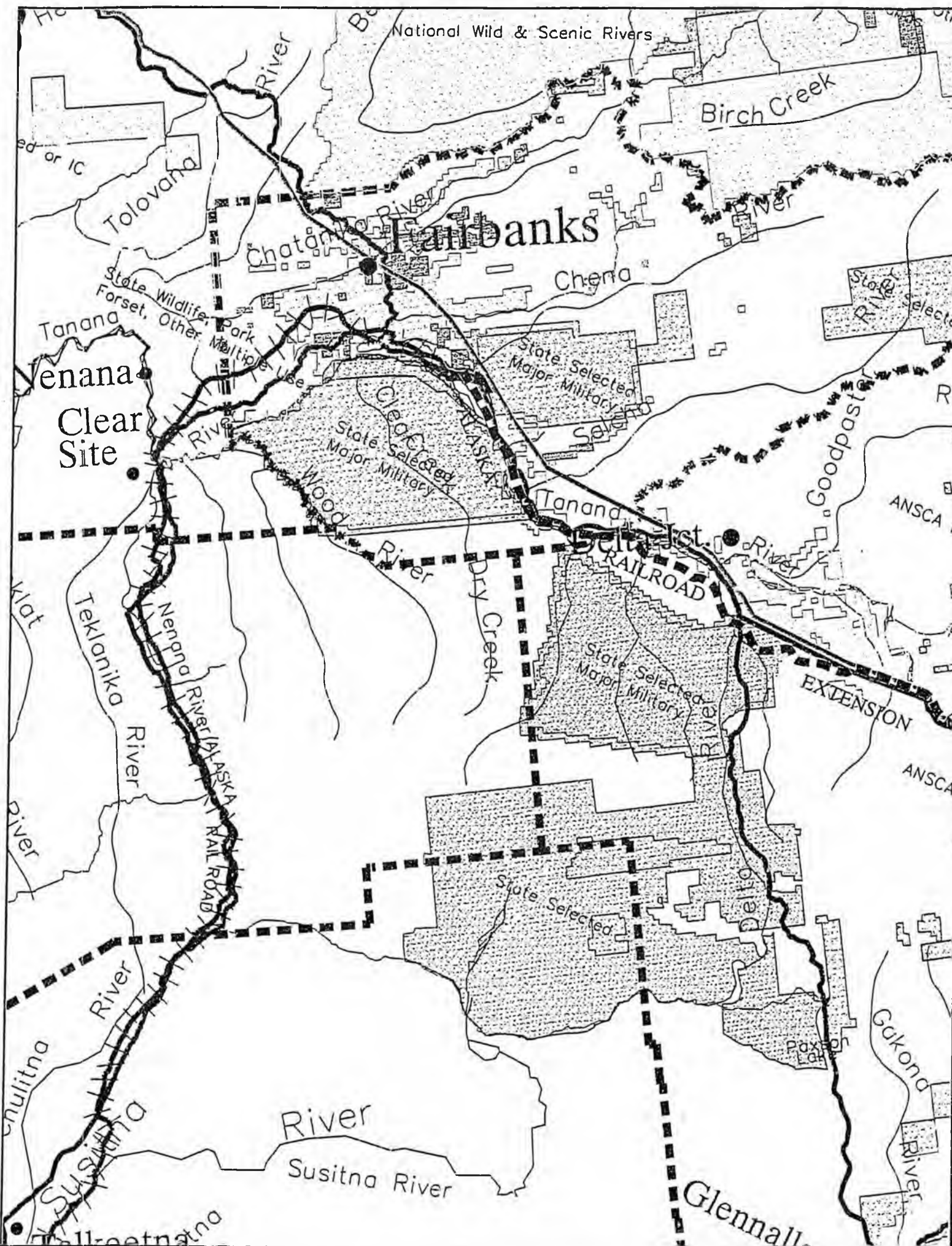
17 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the
18 government of the United States and the government of Canada to engage in a cooperative
19 feasibility study to examine the costs and benefits of constructing a rail connection to link
20 Alaska and the Yukon Territory by way of northern British Columbia with the existing North
21 American rail transportation system; and be it

22 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the
23 government of the United States and the government of Canada to establish a bilateral
24 commission representing local governments, business interests, and aboriginal stakeholders to
25 define the goals and objectives for the cooperative feasibility study and to report the results
26 of the study to the appropriate governmental entities of the United States and Canada; and be
27 it

28 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests that
29 funding for operation of the bilateral commission and for the conduct of the cooperative
30 feasibility study be considered a priority for the governments of the United States, Canada,
31 British Columbia, the Yukon Territory, and the State of Alaska.

1 COPIES of this resolution shall be sent to the Honorable Jean Chretien, Prime
2 Minister of Canada; the Honorable David Collenette, Minister of Transport, Transport Canada;
3 the Honorable Dan Miller, Premier of the Province of British Columbia; the Honorable Piers
4 McDonald, Government Leader, Yukon Territory; the Honorable Bill Clinton, President of the
5 United States; the Honorable Madeleine K. Albright, United States Secretary of State; the
6 Honorable Rodney E. Slater, United States Secretary of Transportation; the Honorable Strom
7 Thurmond, President Pro Tempore of the U.S. Senate; the Honorable Jesse Helms, Chair of
8 the Committee on Foreign Relations of the U.S. Senate; the Honorable John McCain, Chair
9 of the Committee on Commerce, Science, and Transportation of the U.S. Senate; the
10 Honorable J. Dennis Hastert, Speaker of the U.S. House of Representatives; the Honorable
11 Benjamin A. Gilman, Chair of the Committee on International Relations of the U.S. House
12 of Representatives; the Honorable Bud Shuster, Chair of the Committee on Transportation and
13 Infrastructure of the U.S. House of Representatives; and to the Honorable Ted Stevens and the
14 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
15 Representative, members of the Alaska delegation in Congress.

National Wild & Scenic Rivers



Birch Creek

Fairbanks

Tanana State Wildlife Park
Forset, Other Multiple Use

Clear Site

State Selected Major Military

Chena

State Selected Major Military

Selkirk

Tanana River Railroad

State Selected Major Military

Goodpasture River

EXTENSION

State Selected Major Military

Susitna River

Glennall

LEGEND GENERAL LAND STATUS :

Alaska State Lands

- State Patented, Tentatively Approved or Other State Acquired Lands
- State Wildlife, Park, Forest, and Other Multiple Use Areas
- State Selected (ANLICA Topfilings included)

Alaska Native Claims Settlement Act (ANCSA) Lands

- ANCSA Patented or Interim Conveyed
- ANCSA Selected

Municipal and Private Lands

- Municipal or other Private Lands

Federal Lands

- National Wildlife Refuge
- National Park System
- National Forest and Monuments & National Recreation and Conservation Areas
- National Wild & Scenic Rivers Outside National Park Systems and Outside National Wildlife Refuges
- National Petroleum Reserve - Alaska (NPR-A)
- Major Military
- Bureau of Land Management Public Lands

LEGEND GENERAL TRANSPORTATION ROUTES :

State Highway System

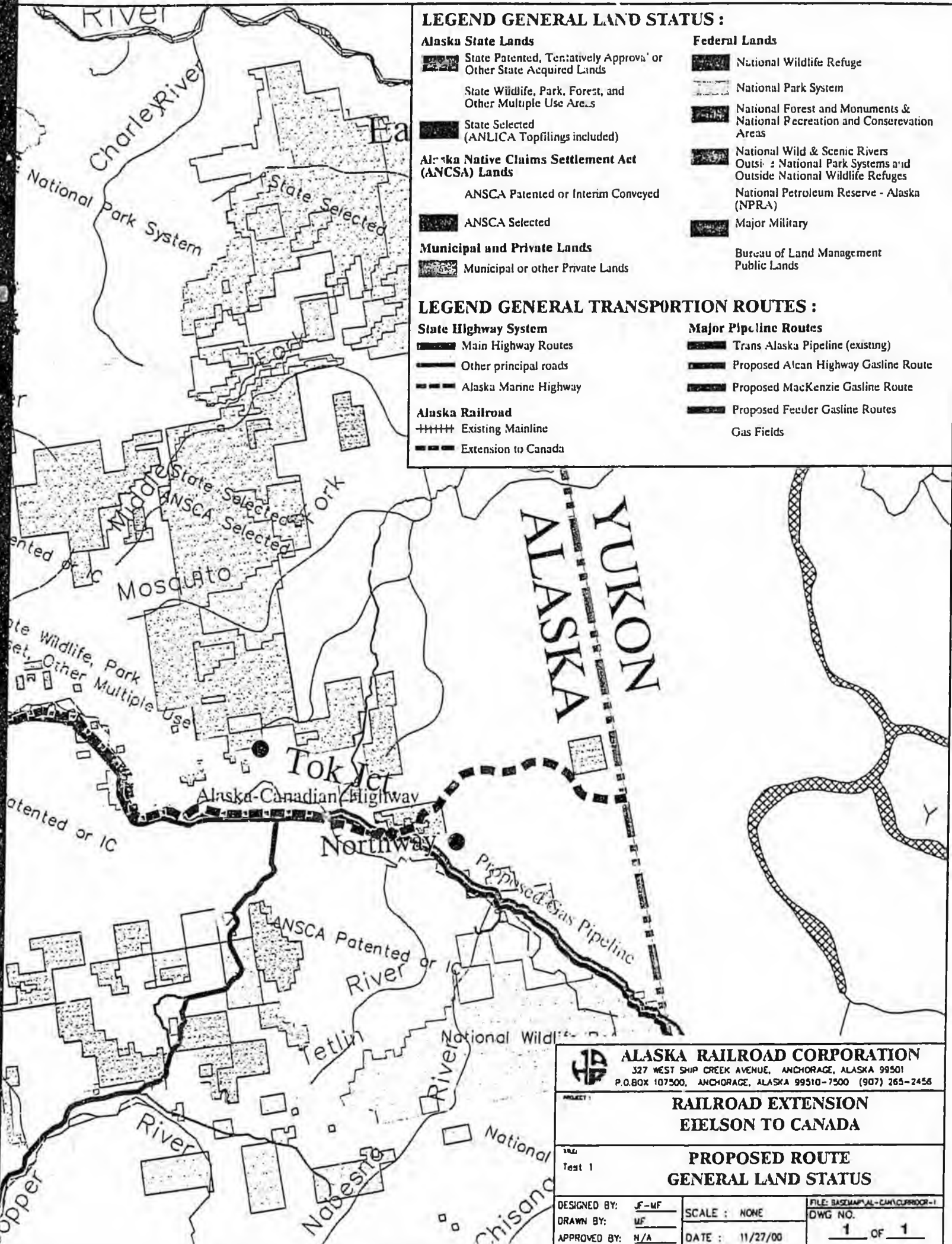
- Main Highway Routes
- Other principal roads
- Alaska Marine Highway

Alaska Railroad

- Existing Mainline
- Extension to Canada

Major Pipeline Routes

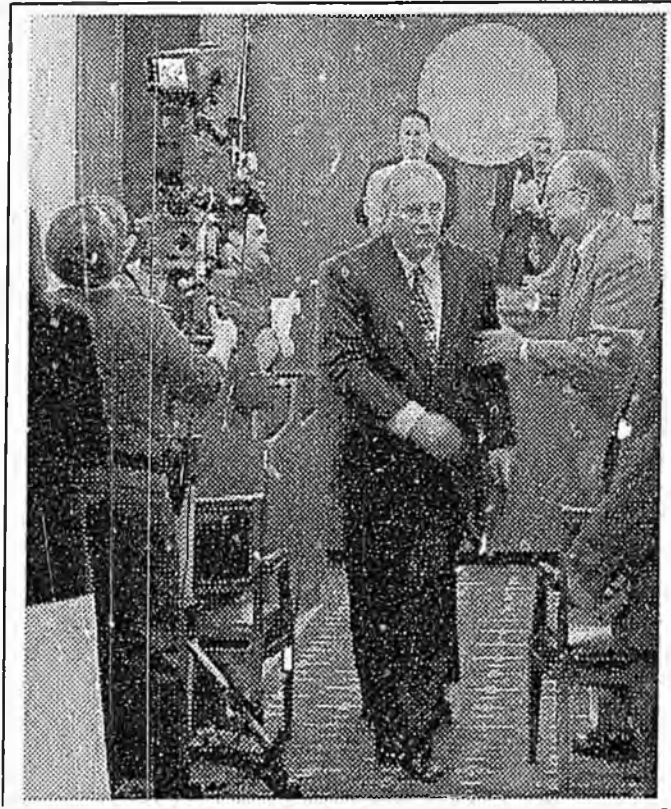
- Trans Alaska Pipeline (existing)
- Proposed Alcan Highway Gasline Route
- Proposed MacKenzie Gasline Route
- Proposed Feeder Gasline Routes
- Gas Fields



ALASKA RAILROAD CORPORATION 327 WEST SHIP CREEK AVENUE, ANCHORAGE, ALASKA 99501 P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500 (907) 263-2456		
PROJECT 1 RAILROAD EXTENSION EIELSON TO CANADA		
11/27 Test 1 PROPOSED ROUTE GENERAL LAND STATUS		
DESIGNED BY: JF-MF DRAWN BY: MF APPROVED BY: N/A	SCALE : NONE DATE : 11/27/00	FILE: BASEMAP-AL-CAN-RCR001-1 DWG NO. 1 OF 1

SECTION 2:

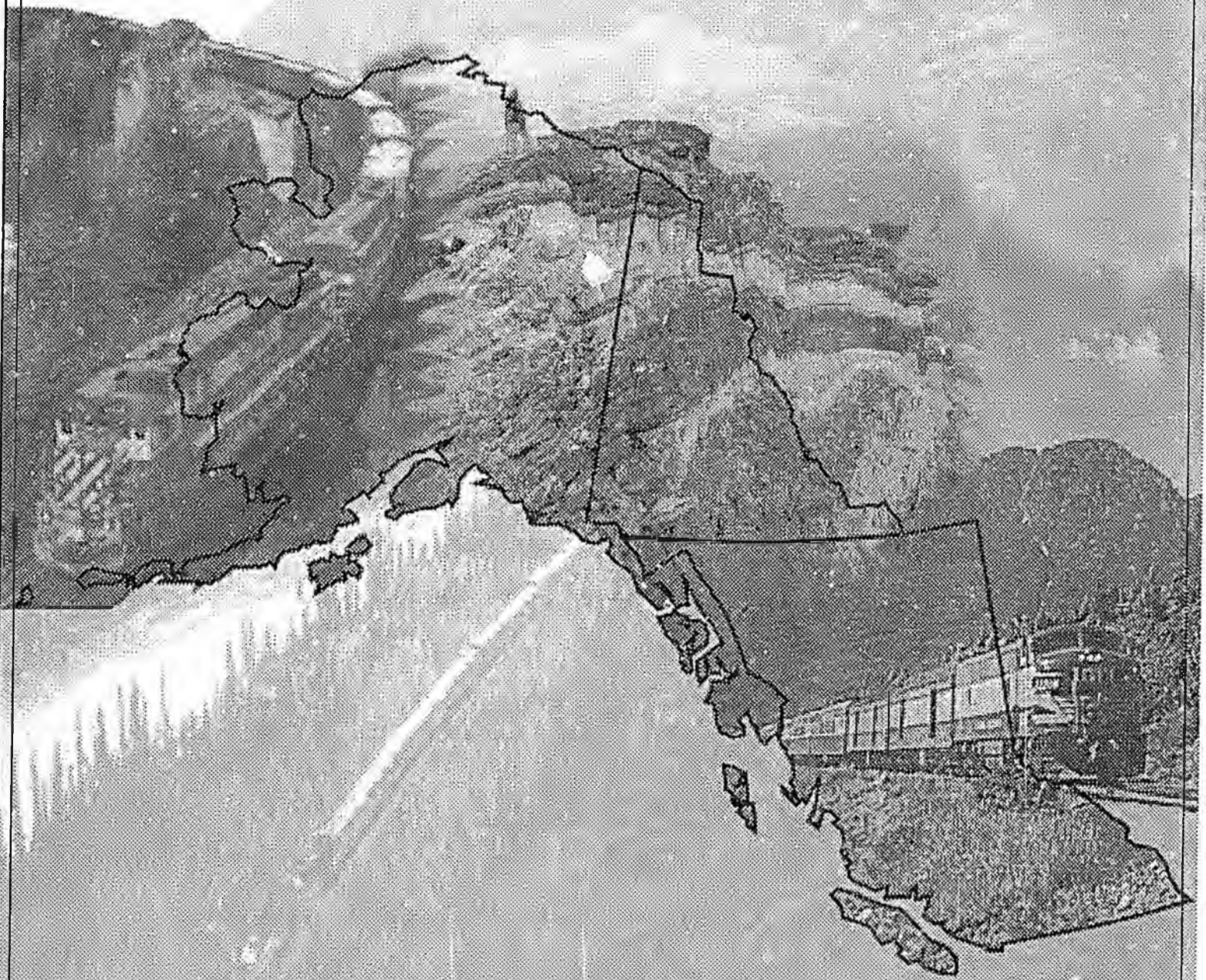
SENATOR MURKOWSKI'S 'RAILS TO RESOURCES' INFORMATION PACKET



URL: www.repjames.org

Rails to Resources

Bringing Alaska and the Yukon closer to the world



United States Senator Frank H. Murkowski

Press Information Packet
March 16, 2000

Here is an Op-Ed on the Senator's view on expanding railroads in Alaska. It is timely because of the introduction of legislation to set up a commission to consider railroad extension. Please consider for use. (Words 988) 3-15/16-00

Let's Get Alaska's Economy Back on Track by Extending Railroads

By Senator Frank Murkowski

Back in April 1915, President Woodrow Wilson decided that construction of a railroad to Alaska's Interior was the single greatest step he could take to unlock the then territory's great promise and to get the region's economy on track.

Some eighty-five years later times have *not* changed.

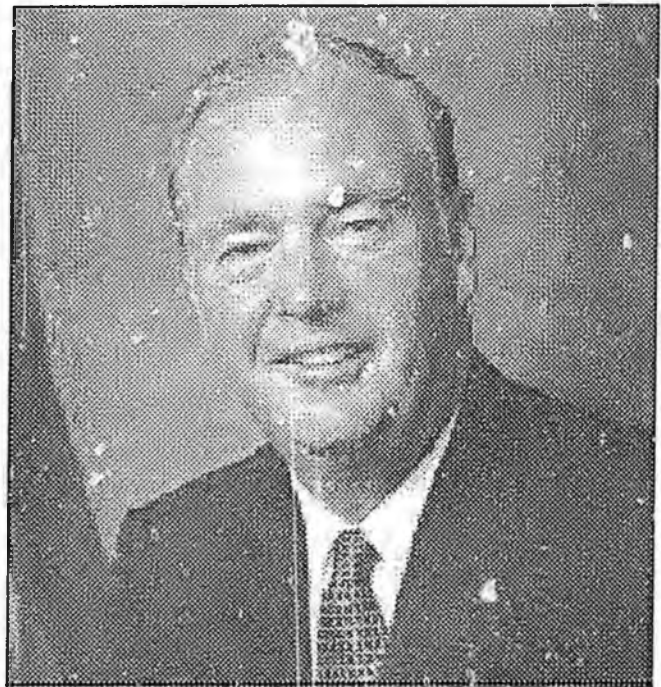
Alaska and the neighboring Yukon Territory in Canada are still North America's last untapped storehouse of mineral and natural resource wealth. We now know where much of that treasure lies — economic transportation to get the materials to market being the chief impediment to its development.

Over the years one thing has changed: We now know how to develop our mineral, energy and timber resources in an environmentally sensitive manner, so we can protect the beauty and the wildlife of the North, while producing jobs to sustain the region's human inhabitants.

We know there is a mineral zone that extends throughout the Yukon-Tanana uplands near Faro, Y.T., north to Fairbanks. The zone, home already to the Fort Knox gold mine in Alaska and the future home of mines working the huge Pogo gold deposit, contains large amounts of silver, tungsten, copper, lead, zinc and other ores. On the Alaska side of the border there are already more than 14 major hardrock deposits identified, while in the Yukon there are more than 10 major mineral deposits known. This does not include the Alaska coal deposits a line could move to Lower 48 or East Asian markets.

The same zone is also filled with timber. Within just 15 miles of a likely 1,200-mile railroad corridor through Canada into Alaska, there are 1.4 billion board feet of hardwood pole timber and almost 1.7 billion board feet of mixed pole timber.

Further to the North lies a second



Senator Frank H. Murkowski of Alaska

developmental target that another railroad could help get on track. That is the huge low-pollution, high-quality coal deposits at Point Lay and also the vast minerals of the Amber mining district farther to the southeast.

It would take just a 90-mile line to carry the coal from Point Lay to the Red Dog mine where a 60-mile line along the existing mine haul road would carry it to tidewater. Such a railroad could bring energy, in the form of coal, to the mine where it could be used to power a new electro-refining technology that would add tremendous value to the zinc-lead ore being shipped from Alaska, and most importantly provide additional jobs to the region. It also would finally allow some of the North Slope's 6 trillion tons of coal to be exported.

It would take just a 150-mile line to access the vast hard-rock resources of the Ambler Mining District and bring them to the coast, or about a 350-

mile line to tie into the Alaska Railroad heading south.

Some would say talk of railroad extension is nothing more than "pie-in-the-sky" rhetoric. But railroads offer a host of benefits. They are the most energy efficient form of transportation. More importantly, they are one of the most environmentally sensitive forms of transportation. Railroads offer controlled access that removes the environmental threat of uncontrolled development. They emit the lowest levels of air pollution and usually cause the least disruption to the land.

And a rail corridor would encourage the co-location of all pipelines and power transmission lines — a process that makes especially good

I propose a public/private alliance to conduct a comprehensive feasibility study. Let's join forces to make a modest investment to examine this carefully.

- US Senator Frank H.

Murkowski, speaking to the CAN/AM Border Trade Alliance in September of 1999

environmental sense.

Last year, after talks with Canadian Parliamentarians during the Canada-U.S. Interparliamentary Conference, I held discussions with Canadian Ambassador Raymond Chretien and Canadian Minister of Transport David Collinette, and later with the Canadian-American Border Trade Alliance. In January I was further encouraged by estimates that their might be 120 million tons of freight a year from new mines and timber development along the Alaska-Canada rail corridor that would utilize such a new railroad link.

Thus I am introducing legislation in Congress to advance consideration of that railroad project. My bill will create an impartial bilateral commission to study the economic, environmental

and engineering feasibility of completing the transcontinental railroad linking Canada with Alaska.

A joint commission should have the funding — I'm proposing \$6 million — and the authority to oversee a comprehensive feasibility study of a line from where the Canadian rail system ends at either Fort Nelson or near Fort St. James, about 900 miles from the Alaska border, northward to link up with the Alaska Railroad, 270 miles from the border near Fairbanks.

My bill would create an 18-member commission, half being appointed by each country. The commission would be fully representative of the residents of the area and also include scientific expertise to make sure that the difficult issues surrounding a railroad will be thoughtfully considered.

Quick action to set up the commission is particularly timely since a decision is likely within the next year on whether the United States should proceed with construction of an anti-missile defense system. And perhaps the best site for an initial 100-missile interceptor base is at Delta. That decision might justify extending the railroad to Fort Greeley, 80 miles closer to the border than Eielson Air Force Base — reducing the amount of additional track needed in Alaska to about 190 miles.

We should not be afraid to think seriously about big projects. Just because they're daunting, doesn't make them impossible. In this day and age of great concern for the environment: if one assumes — as I do — that the resources of the Yukon and Alaska inevitably will be developed, then rail looks like a very healthy way to make that possible.

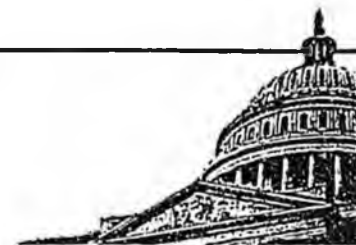
All the commission will do is bring about debate. It will consider and explore new ideas. If a railroad connection is economically, environmentally and socially sound, then we should move ahead with it. If it is not, then it should be dropped. But at the very least, let's give the idea an honest hearing, now before any more decades pass.

-30-

NEWS FROM THE OFFICE OF

FRANK MURKOWSKI

United States Senator • Alaska



For Immediate Release:
March 16, 2000

Chuck Kleeschulte or Cindi Bookout
O (202) 224-9306; H (301) 283-4149; O 224-8767
(Email: chuck_kleeschulte@murkowski.senate.gov)

Murkowski Introduces Alaska-Canada Railroad Extension Bill

FAIRBANKS — Alaska Sen. Frank Murkowski took another step in efforts to link the continental rail system with the Alaska Railroad when he announced today he will introduce legislation to create a bilateral U.S.-Canada Commission to study the feasibility of the rail link.

Murkowski announced legislation in the Senate that would create an 18-member commission, equally appointed by the President and the Canadian government, to conduct a technological and economic feasibility study of linking the rail system in Alaska to the "nearest appropriate point" in Canada. The commission would be charged with reporting on the results of its study within five years, and it would be authorized to spend \$6 million in American funds on preliminary engineering and environmental work.

"Alaska and the Yukon both are woefully deficit in the transportation systems to move goods to market. A railroad extension might provide the essential transportation infrastructure to allow the Far North to blossom in the decades ahead, while protecting the environment. If a railroad

connection proves to be economically, environmentally and socially sound, then let's move ahead. If not, let's drop the idea. But at the very least we need this commission to give the idea a honest hearing," said Murkowski in announcing the legislation.

Last year, after discussions with a group of Canadian parliamentarians, Canadian Ambassador Raymond Chretien, Canadian Minister of Transport David Collinette, and the Canadian-American Border Trade Alliance, Murkowski suggested it might make sense to build the roughly 1,200 miles of rail that would be needed to finish the linkup. The Alaska Railroad currently ends at Eielson Air Force Base, outside of Fairbanks, about 270 miles from the Canadian border, while the Canadian rail system ends at spurs to Fort Nelson or beyond Fort St. James, both about 900 miles from the Alaskan border.

Noting that America is continuing testing on a North American anti-missile defense system, Murkowski noted this is a particularly good time to launch a review of railroad extension since one of the prime sites under consideration for a missile interceptor

base is at Delta Junction in Alaska, which could well justify construction of the first 80 miles of the Alaska Railroad's extension toward the Canadian border.

Murkowski also encouraged a railroad conference held in Vancouver, B.C. in January. He said some estimates during the conference indicated the potential for such a line to carry up to 120 million tons of freight per year — future mineral developments and timber making up the majority of the potential freight.

He noted the line would allow economic development of the mineral resources of the Yukon-Tanana uplands that stretch from Faro, Y.T., north to Fairbanks. The zone, home already to the Fort Knox gold mine in Alaska and the future home of mines working the huge Pogo gold deposit, contains large amounts of silver, tungsten, copper, lead, zinc and other ores. On the Alaska side of the border there are already more than 14 major hard-rock deposits identified, while in the Yukon there are more than 10 major mineral deposits known. This does not include the Alaska coal deposits a line could move to markets in the rest of North America or to port facilities connecting to East Asia.

Murkowski said the railroad's likely corridor is also filled with timber. He said within just 15 miles of a likely railroad corridor, there are 1.4 billion board feet of hardwood pole timber and almost 1.7 billion board feet of mixed pole timber.

"I am not an expert. I cannot verify the 120 million ton freight estimate. But it is fuel

for thought and a reason why we need a comprehensive feasibility study," said Murkowski.

He said such a study commission might be opposed by environmentalists because of their bias against the use of natural resources or fear of the opening of undeveloped land in the north by a rail line. But Murkowski said a railroad should be most favored transportation system by environmentalists since railroads have small "footprints," and are controlled access systems that prevent uncontrolled development and uncontrolled land and wildlife impacts.

Under the bill, the commission would be comprised of representatives from local communities and local/Native residents, individuals with economics, engineering and resource management backgrounds, including representatives with minerals, timber and wildlife and fisheries management training. Specifically the American side of the commission will contain two members from local communities, one representing the State of Alaska nominated by the Governor, one representing Alaska Natives, four from commercial activities including one associated with the Alaska Railroad, and two scholars employed by Alaska education institutes, one with subarctic engineering expertise.

The bill will formally be introduced in the Senate on Monday, March 20. -30-

Resolution of Support for a U.S.-Canada Cooperative Feasibility Study on Extending the North American Rail System through British Columbia, the Yukon Territory, and to Alaska

Alaska-Canada Rail Link Conference, January 20, 2000, Vancouver, BC

Whereas, rail transportation is the most cost-effective long distance method of overland transportation; and,

Whereas, rail transportation is an essential component of the North American inter-modal transportation system; and,

Whereas, rail transportation is energy efficient, capable of moving goods three to nine times as far as highway transportation with a given amount of fuel; and,

Whereas, rail transportation emits lower levels of carbon monoxide, carbon dioxide, nitrogen oxides and volatile organic compounds than other modes of freight transportation; and,

Whereas, rail transportation systems allow controlled access and reduced overall impacts to environmentally sensitive regions; and,

Whereas, rail transportation remains an important component of national and continental defense planning; and,

Whereas, the continental rail system cannot be said to be complete until it includes all states, provinces and territories; and,

Whereas, the Government of Alaska recently enacted legislation to reauthorize the delineation and acquisition of a rail transportation corridor from the present terminus of the Alaska Railroad to the Alaska-Yukon border; and,

Whereas, Alaska, the Yukon Territory, and British Columbia contain extensive oil and gas, mineral and timber resource reserves that currently are inaccessible, and require bilateral cooperation in the development of freight transportation infrastructure to facilitate their utilization for the benefit of the United States and Canada; and,

Whereas, northern rail transportation may provide significant potential for the visitor industry by facilitating the comfortable movement of passengers over long distances while minimizing the impact of such movement on the surrounding environment; and,

Whereas, ongoing research and advancement in rail technology continues to increase the efficiency of rail transportation, ensure rail safety, and decrease the impact of rail transportation on the environment,

Therefore be it resolved, that the undersigned call upon the United States and Canada to engage in a cooperative feasibility study to examine the costs and benefits of constructing a rail connection to link Alaska and the Yukon Territory via northern British Columbia with the existing North American rail system; and,

Be it further resolved, that a bilateral commission representing local governments, business interests, and aboriginal stakeholders be created to define the goals and objectives for the cooperative feasibility study, and to report the results of the study to the appropriate governmental entities of Canada and the United States; and,

Be it further resolved, that funding for operation of the bilateral commission and for the conduct of the cooperative feasibility study should be considered a priority by the federal, state, provincial and territorial governments; and,

Be it further resolved that copies of this resolution shall be disseminated to local, provincial, territorial, state and federal governments in the affected regions of the United States and Canada.