

**Board of Directors, Anchorage Chamber of Commerce**  
**Resolution 2003/04-10**  
**In opposition to Taxing or Requiring a Dividend**  
**From the Alaska Railroad**

**WHEREAS**, the Alaska Railroad Corporation was created by the Alaska State Legislature to foster and promote long-term economic growth and development of the State; and

**WHEREAS**, the Alaska Railroad is a successful State-owned enterprise which is statutorily mandated to be self-supporting and provide safe, efficient and economical transportation to residents, businesses, and military installations; and

**WHEREAS**, employees of the Alaska Railroad are corporation employees and not employees of the State, and the Railroad pays their salaries, benefits, and retirement, out of its earnings, not the State of Alaska; and

**WHEREAS**, the Alaska Railroad must pay for all of its own operating expenses and capital improvements from its earnings, not the State of Alaska; and

**WHEREAS**, taxing or requiring a dividend from the Alaska Railroad could lead to the need for the Railroad to request State funding; and

**WHEREAS**, a tax or dividend requirement would undermine support in Congress for securing millions of dollars in new federal grant funds for the Alaska Railroad, because Federal grantors would view their appropriated dollars going to fund a State tax in Alaska; and

**WHEREAS**, the Alaska Railroad can highly leverage federal capital grants with a nine percent match from its net earnings, thus bringing into the state tens of millions of outside dollars that directly fuel Alaska jobs and businesses.

**WHEREAS**, a proposed tax or dividend may violate the federal Alaska Railroad Transfer Act (P.L. 97-468) which requires that “all revenues generated by the Railroad shall be retained and managed by the Alaska Railroad for railroad purposes only,” which prohibits the State from taking the State Railroad’s funds for non-railroad purposes; and

**WHEREAS**, taxing or requiring a dividend from the Railroad will impact its ability to secure financing for ongoing capital and operating needs and may jeopardize its ability to comply with covenants in existing debt obligations. The Railroad’s lenders may view the State’s attempt to amend the Railroad Corporation Act to tax the Railroad as an alteration of its right to be exempt from taxation and a direct violation of the pledge the State made to lenders in AS 42.40.675 that it would not do anything to impair the Railroad’s ability to repay its debts; and

**WHEREAS**, the Alaska Railroad Corporation has been a source of economic development for Alaska and an important transportation line for the city of Anchorage; and

**WHEREAS**, the State's request that the Alaska Railroad expand its rail corridor to resource rich areas of the State cannot be met if the Legislature takes the Railroad's revenues that would otherwise be used to secure financing for such projects.

**NOW THEREFORE BE IT RESOLVED**, that the Anchorage Chamber of Commerce opposes any measure that would tax or require a dividend from the Alaska Railroad and hereby requests that copies of this resolution be sent to the Alaska State Legislature and the Governor.

Approved the 16<sup>th</sup> Day of January, 2004



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George Vakalis, Chair



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Stacy Schubert, President