

because what I think occurs is that we want to try to shelter the state from taking a big hit on a railroad, a railroad that a company couldn't make run, they can't afford to make it go. They are going to abandon it. We are going to buy it and we want to shoulder a liability, and if we create the railroad council, in effect, what we are going to do is loan them \$5 million, isn't that correct?

SENATOR WICKERSHAM: Yes. It turns out, in effect, that the proposal is to lease it to a corporation, and if they are able to successfully operate the line, then they would buy it after a stated term.

SENATOR KRISTENSEN: And they, the railroad council would have the northern line association that would actually hire the operator and do those sort of things.

SENATOR WICKERSHAM: That is correct, would have rolling stock, employees.

SENATOR KRISTENSEN: If I create this separate entity then to sort of distance ourselves from the state, in other words, it is not a state agency, it is not a state entity, it is not a governmental entity, aren't I running afoul then of lending the credit of the state because that is exactly what the credit of the state was designed to keep us from doing?

SENATOR WICKERSHAM: No, we have used this mechanism in other cases. The NIFA bonds are an example. We have other setups that are similar and we already...we have an opinion from the Attorney General's Office that this type of structure is constitutionally adequate.

SENATOR KRISTENSEN: Okay, I am not sure...I am not sure I agree with that, necessarily, because I think that that is exactly with this new creation of the entity you are trying to distance ourselves. Before, we just had another operator. We also sink into this now \$700,000 of General Fund money, is that for rehabilitation costs? Are we going to do that? Along with the million dollars of the oil overcharge, where does that come into play, or does it come into play for restoration?

SENATOR WICKERSHAM: All right, the funding is the three and two million, three and two that would be the purchase price for the line. There are other state funds that would be available for