

# Fiscal Note

State of Alaska  
2026 Legislative Session

Bill Version: HB 226  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB226-DOR-AHFC-3-30-26  
Title: AHFC: REDUCED INTEREST ON CERTAIN  
LOANS  
Sponsor: FOSTER  
Requester: (H) STA

Department: Department of Revenue  
Appropriation: Alaska Housing Finance Corporation  
Allocation: AHFC Operations  
OMB Component Number: 110

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

|                               | FY2027<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2027<br>Request | Out-Year Cost Estimates |            |            |            |            |            |
|-------------------------------|--------------------------------------|--|-------------------------|------------|------------|------------|------------|------------|
|                               |                                      |  | FY 2027                 | FY 2028    | FY 2029    | FY 2030    | FY 2031    | FY 2032    |
| <b>OPERATING EXPENDITURES</b> |                                      |  |                         |            |            |            |            |            |
| Personal Services             |                                      |  |                         |            |            |            |            |            |
| Travel                        |                                      |  |                         |            |            |            |            |            |
| Services                      |                                      |  |                         |            |            |            |            |            |
| Commodities                   |                                      |  |                         |            |            |            |            |            |
| Capital Outlay                |                                      |  |                         |            |            |            |            |            |
| Grants & Benefits             |                                      |  |                         |            |            |            |            |            |
| Miscellaneous                 |                                      |  |                         |            |            |            |            |            |
| <b>Total Operating</b>        | <b>0.0</b>                           | <b>0.0</b>                                     | <b>0.0</b>              | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

**Fund Source (Operating Only)**

|              |            |            |            |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None         |            |            |            |            |            |            |            |            |
| <b>Total</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

**Positions**

|           |  |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |  |

**Change in Revenues**

|                     |                |            |                |                |                |                |                |
|---------------------|----------------|------------|----------------|----------------|----------------|----------------|----------------|
| 1139 AHFC Div (UGF) | (150.0)        |            | (300.0)        | (450.0)        | (600.0)        | (750.0)        | (900.0)        |
| <b>Total</b>        | <b>(150.0)</b> | <b>0.0</b> | <b>(300.0)</b> | <b>(450.0)</b> | <b>(600.0)</b> | <b>(750.0)</b> | <b>(900.0)</b> |

**Estimated SUPPLEMENTAL (FY2026) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2027) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 11/1/26

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

|  |                      |
|--|----------------------|
| Prepared By: Amy Michel, Budget Director           | Phone: (907)330-8356 |
| Division: Alaska Housing Finance Corporation       | Date: 03/30/2026     |
| Approved By: Bryan Butcher, CEO/Executive Director | Date: 03/30/26       |
| Agency: Alaska Housing Finance Corporation         |                      |

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2026 LEGISLATIVE SESSION

BILL NO. HB 226

### Analysis

This bill proposes to modify the existing one percent interest rate reduction on Rural Home Loans as defined by small community housing or multifamily housing under AS 18.56.580.

The interest rate reduction is currently capped at \$250,000. This bill would increase the subsidy by \$150,000 per loan to \$400,000.

In this scenario, which projects annual average mortgage activity of 133 rural loans and assumes zero percent growth in activity, the initial reduction to dividends paid by the Alaska Housing Finance Corporation (AHFC) in Year One is \$150,000 but rises to \$900,000 by Year Six due to the cumulative nature of the subsidy that extends over the life of the loan.

The projected cumulative decrease in AHFC's dividends over six years totals \$3,150,000.

AHFC would have to update its regulations consistent with the change in statute. This public process, including board action and public hearing, is expected to be complete 90-120 days post enactment.