

STATE OF ALASKA

THE LEGISLATURE

1980

Source

SCS CSHCR 33

Legislative
Resolve No.

LR 1



Requesting the Governor to direct action relating to the investment and loan of the state general fund surplus and relating to the participation of financial institutions with the division of business loans in loan programs of benefit to the state's economy.

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

WHEREAS the state's economy, like that of the nation, is sluggish, with business and private investment at levels which are well below investment rates that characterized the second half of the 1970's; and

WHEREAS Congressional deliberation on the continued use of tax-exempt state and local government revenue bonds has halted issuance of bonds for purposes of financing housing construction and purchase; and

WHEREAS, while the Second Session of the Eleventh Legislature considers alternatives by which state government investment may overcome the economic slack and assist in making additional money for mortgages available at reasonable interest rates, an interim response to current conditions should be formulated and placed in operation;

BE IT RESOLVED by the Alaska State Legislature that the Governor is respectfully requested to direct the commissioner of revenue and the commissioner of commerce and economic development to take action that will, until the legislature completes action on a comprehensive economic assistance program during the Second Session of the Eleventh Legislature or until June 30, 1980, whichever is later,

(1) require that, in accordance with authority granted by AS 37.10.070(a)(10) and (11), the state purchase not more than \$35,000,000 of residential mortgages each month beginning with the month during which this resolution is adopted, subject to the following conditions:

(A) mortgage purchases should be made only from the state general fund;

(B) only mortgages on Alaska residences may be purchased;

(C) mortgage purchases shall include only loans entered into between a financial institution and a borrower after the date of adoption of this resolution, and may not include loans for purposes of refinancing existing loans;

(D) a mortgage loan may not be purchased from a financial institution on a basis other than the order in which loan applications were submitted to the state; and

(E) mortgage purchases should be made on terms so that net mortgage cost to the borrower may not exceed eight percent annual interest;

(2) require that in accordance with AS 37.10.075, the state immediately place on deposit or invest in federal credit unions doing business in Alaska not less than \$35,000,000 from the state general fund at the rates and terms which were applied to the placement of surplus state funds on November 15, 1979;

(3) waive the current loan policy of the Department of Commerce and Economic Development, division of business loans, by which financial institutions must participate with the division in the provision of loans;

(4) reopen as soon as possible regional offices of the division of veterans' affairs in Anchorage and Fairbanks to receive and process veterans' loans;

(5) require that mortgage loans purchased by the Department of Revenue from the division of veterans' affairs be made on terms so that net mortgage costs to the borrower do not exceed seven percent annual interest; and

(6) provide for making loans, not to exceed \$10,000,000, at interest rates not to exceed 10 percent, to financial institutions in Alaska which are insured by an agency or instrumentality of the federal government if the financial institution agrees to reissue at least 50 percent of the amount loaned to it by the state in the form of mortgage, commercial, and consumer loans to Alaskans.