

**CS FOR HOUSE BILL NO. 281(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/8/95

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act authorizing an agreement between the Alaska Housing Finance  
2 Corporation and the commissioner of revenue relating to transfer of assets of the  
3 corporation, and making certain pledges to obligees of the corporation regarding  
4 that agreement; relating to the authorization for and the issuance of bonds by  
5 the Alaska Housing Finance Corporation to pay for the costs of repair and  
6 rehabilitation of student housing facilities of the University of Alaska; and  
7 providing for an effective date."

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 \* **Section 1. PURPOSE.** (a) The purpose of this Act is to provide for the orderly transfer  
10 of certain assets of the Alaska Housing Finance Corporation to the general fund through a  
11 transfer agreement between the corporation and the commissioner of revenue. The Alaska  
12 Housing Finance Corporation has served an important public purpose by helping to remedy  
13 the shortage of adequate housing throughout the state. The corporation has assisted in

1 providing Alaskans with rural housing and sewer and water systems, senior housing, special  
2 needs housing, and low and moderate income housing through its various programs. The  
3 corporation's resources must remain strong in order to continue progress in meeting these  
4 housing needs, both directly and through borrowing in capital markets. In particular, capital  
5 markets require assurances that payments by the corporation to the general fund are fixed at  
6 a prudent and predictable level.

7 (b) It is the purpose of this Act

8 (1) to fix payments to the general fund at a prudent and predictable level for  
9 the next five fiscal years through a formal transfer agreement; and

10 (2) to authorize the corporation to issue bonds to enable the University of  
11 Alaska to repair and rehabilitate student housing facilities.

12 \* **Sec. 2. TRANSFER AGREEMENT AUTHORIZED.** The Alaska Housing Finance  
13 Corporation and the commissioner of revenue may enter into a transfer agreement that  
14 provides for annual transfer of certain assets of the corporation to the state general fund from  
15 July 1, 1995, to June 30, 2000. The commissioner of revenue shall immediately notify the  
16 governor and the legislature when the agreement has been signed. The agreement must  
17 provide

18 (1) for the transfer from the corporation to the state of each of the following  
19 amounts in each of the following state fiscal years:

20	FY 1996	\$70,000,000
21	FY 1997	50,000,000
22	FY 1998	50,000,000
23	FY 1999	50,000,000
24	FY 2000	50,000,000;

25 (2) that the amounts to be transferred under (1) of this section will be  
26 (A) available for transfer from the net liquid assets of the general  
27 account of the revolving fund of the corporation; and

28 (B) reduced as the board of directors of the corporation determines may  
29 be necessary to maintain compliance with existing financing agreements and to meet  
30 the following payment conditions of the corporation that, when made by the board of  
31 directors of the corporation before each transfer, are positive determinations that

1 (i) the corporation is not in default as to payments of any  
2 required amounts;

3 (ii) the transfer to the state of the payment is not expected to  
4 impair the corporation's ability to meet financial requirements, including debt  
5 service and program costs associated with debt, and will not cause the  
6 corporation to be in default under the terms of financial agreements or disable  
7 the corporation from meeting any financial covenant;

8 (iii) the amount of the transfer does not exceed the corporation's  
9 net income as reflected in its audited financial statements for the immediately  
10 preceding fiscal year; and

11 (iv) the corporation's fund equity subsequent to the transfer will  
12 remain at a level that the board of directors of the corporation reasonably  
13 believes adequate to prevent existing debt ratings from being reduced,  
14 withdrawn, or suspended; and

15 (3) that the conditions described in (2)(B) of this section must be met by the  
16 corporation before payments are made in any state fiscal year set out in (1) of this section.

17 \* **Sec. 3. PLEDGE OF THE STATE.** If, before the date of adjournment of the First  
18 Regular Session of the Nineteenth Alaska State Legislature, an agreement between the Alaska  
19 Housing Finance Corporation and the commissioner of revenue in a form substantially as  
20 described in sec. 2 of this Act is executed by those parties, the state pledges to obligees of the  
21 corporation that during the term of the transfer agreement

22 (1) the state will not alter the power of the corporation to fulfill the terms of  
23 any other agreement with an obligee of the corporation; or

24 (2) the state will not cause assets of the corporation to be transferred from the  
25 corporation in excess of the amount set out in the transfer agreement.

26 \* **Sec. 4. BOND AUTHORIZATION.** The Alaska Housing Finance Corporation may issue  
27 bonds under AS 18.56 in an aggregate principal amount not to exceed \$35,000,000 to provide  
28 amounts to the University of Alaska to pay costs of a project to repair and rehabilitate student  
29 housing facilities owned by the University of Alaska and to pay related costs, and to provide  
30 amounts for the Alaska Housing Finance Corporation to pay costs of issuing the bonds. The  
31 Alaska Housing Finance Corporation and the University of Alaska may enter into an

1 agreement with respect to the transfer and expenditure of the bond proceeds for these purposes  
2 by the University of Alaska. The Alaska Housing Finance Corporation shall pay the principal  
3 and interest on the bonds from Alaska Housing Finance Corporation funds and the bonds  
4 shall be general obligations of the Alaska Housing Finance Corporation.

5 \* **Sec. 5.** Section 3 of this Act takes effect only if the transfer agreement described in  
6 sec. 2 of this Act is signed on or before the date of adjournment of the First Regular Session  
7 of the Nineteenth Alaska State Legislature. The commissioner of revenue shall immediately  
8 notify the governor, the legislature, and the revisor of statutes when the transfer agreement has  
9 been signed.

10 \* **Sec. 6.** If sec. 3 of this Act takes effect, it takes effect on the later of the date of  
11 execution of the agreement described in sec. 2 of this Act, or the effective date of secs. 1, 2,  
12 and 4 of this Act.

13 \* **Sec. 7.** Sections 1, 2, and 4 of this Act take effect immediately under AS 01.10.070(c).