

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 181  
 (S) Publish Date: 4/24/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Small Community Housing Loans BRU AHFC  
 Component Operations  
 Sponsor Senate Finance Committee  
 Requester Senate Finance Committee Component No. 110

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
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>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<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>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

SB181 would repeal the interest rate for loans under the Housing Assistance Loan Fund set at 1% below the taxable loan rate. The Housing Assistance Loan Fund (HALF) is a revolving loan fund that originates and purchases home loans and building material loans in "small communities," defined as those with a population of 6,500 or less that are not connected by road/rail to Anchorage or Fairbanks and communities of 1,600 or less if connected by road/rail.

As of September 30, 2001, the HALF held assets of \$426,519,000. In FY01, the HALF generated \$20 million in net income.

SB181 will affect the ability of residents in small communities to afford the purchase of homes where costs are often higher and lending capital is not readily available. With the loss of this business activity caused by the increase in interest rates, AHFC's net income will be reduced. Calculations by AHFC estimate that a 15% drop in loan volume would be the "break-even" point if the interest rate was increased 1 percent, with a more realistic loss expected to exceed 50% of current loan volume. SB181 will result in a loss of loan volume and net income for AHFC's Housing Assistance Loan Fund.

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 Division: Alaska Housing Finance Corporation Date/Time 1/28/02 12:48 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 01/28/2002  
 Agency: Department of Revenue