

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

February 16, 2006

1:07 p.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Jim Elkins
Representative Bill Thomas
Representative Nancy Dahlstrom
Representative Sharon Cissna
Representative Max Gruenberg

MEMBERS ABSENT

Representative Lesil McGuire

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 25

Urging the United States Congress to enact the American Veterans Homeownership Act of 2005.

- MOVED CSHJR 25(MLV) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 25

SHORT TITLE: SUPPORTING VETERANS HOME OWNERSHIP ACT

SPONSOR(S): REPRESENTATIVE(S) KERTTULA

01/11/06	(H)	READ THE FIRST TIME - REFERRALS
01/11/06	(H)	MLV, STA
02/16/06	(H)	MLV AT 1:00 PM CAPITOL 124

WITNESS REGISTER

REPRESENTATIVE BETH KERTTULA

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Speaking as the sponsor, testified in support of HJR 25.

HANNAH McCARTY, Staff
to Representative Beth Kertttula
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Explained the difference between HJR 25 and CSHJR 25.

CLAYTON LOVE, Commander
Disabled American Veterans (DAV)
Department of Alaska
Auke Bay, Alaska

POSITION STATEMENT: Testified in support of HJR 25.

JOHN WILKINS, Director of Services
Disabled American Veterans (DAV)
Department of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified in support of HJR 25 and discussed the importance of it.

BRYAN BUTCHER, Director
Governmental Relations and Public Affairs
Alaska Housing Finance Corporation (AHFC)
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: Discussed AHFC's Veterans' Loan Program.

ACTION NARRATIVE

CHAIR BOB LYNN called the House Special Committee on Military and Veterans' Affairs meeting to order at [1:07:30 PM](#). Representatives Lynn, Elkins, Thomas, Dahlstrom, and Cissna were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

HJR 25-SUPPORTING VETERANS HOME OWNERSHIP ACT

[1:07:50 PM](#)

CHAIR LYNN announced that the only order of business would be HOUSE JOINT RESOLUTION NO. 25, urging the United States Congress to enact the American Veterans Homeownership Act of 2005.

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REPRESENTATIVE ELKINS moved to adopt CSHJR 25, Version 24-LS1274\Y, Bullock, 2/7/06, as the working document. There being no objection, Version Y was before the committee.

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REPRESENTATIVE KERTTULA relayed that she received an Alaska Housing Finance Corporation (AHFC) flyer last summer, which noted that without an act of Congress, Alaska was going to see dwindling numbers of veterans who would be eligible for special homeowner loans. She further relayed that HJR 25 encourages Congress to change the law so that veterans who served after 1977 would be able to take advantage of the homeowner loans.

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CHAIR LYNN requested that Representative Kerttula discuss the difference between [HJR 25 and CSHJR 25].

HANNAH McCARTY, Staff to Representative Beth Kerttula, explained that the language from the American Veterans Homeownership Act was included in the U.S. House of Representatives version of the Tax Relief Extension Reconciliation Act. However, the language is not included in the U.S. Senate version. Therefore, CSHJR 25 encourages the adoption of the language from the American Veterans Homeownership Act in the U.S. House of Representatives version of the Tax Relief Extension Reconciliation Act, Section 303.

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CLAYTON LOVE, Commander, Disabled American Veterans (DAV), Department of Alaska, informed the committee that he served from December 1972 to January 1990. He said that it doesn't make a difference whether it's a 10-day war or a 20-year war, "you're still getting shot at." He noted that the housing prices have risen and the government has [increased] the Government Issue (GI) loan. He opined that HJR 25 is a good idea and remarked, "I love it, and it's showing more support from the state and how much they really care about the veterans and the service that they've done, the time they spent not just in the state of Alaska, but America." He added that HJR 25 is something that would assist [veterans] once they return home.

CHAIR LYNN remarked that it's one thing for us to care about veterans, and another thing to do something about it.

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JOHN WILKINS, Director of Services, Disabled American Veterans (DAV), Department of Alaska, explained that his prime job with the DAV is to ensure that the veterans receive what they need -

medical [care], mental [care], and housing [assistance]. He remarked that things have changed since [the U.S.] started the War on Terrorism. When troops are deployed and families are left behind, it causes a great hardship on the deployed member and his/her family. If the American Home Ownership Act of 2005, HR 2952, is passed, it will be a great relief to many service personnel to know that their families will be comfortable in a home of their own and not be concerned with renting or leases running out and having to move.

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MR. WILKINS explained that sometimes when one is deployed, money is held up and there are glitches in the system - families don't get the money for one or two months and the rent is not paid. He relayed that if the veteran owns his/her home, it's not likely that the families would have to move because of rent not being paid. He said that HJR 25 is a good bill all around and noted that military personnel don't make a lot of money. When one starts in the military, he/she is on the low end of the salary chart. He opined that HJR 25, a low-cost interest loan, will help even the playing field and noted that the average troop can't afford a house. He said, "This bill in some way says we care about you and your family, and thanks for all of your sacrifices."

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CHAIR LYNN declared a conflict of interest because he's a licensed Alaska real estate broker acting in the capacity of an associate broker.

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REPRESENTATIVE THOMAS inquired as to what's currently going on with the troops coming home. "Is there anything in the department for Posttraumatic Stress help for veterans coming home?"

MR. WILKINS assured the committee that the commanders and first sergeants who are returning have all been informed [of the available services]. In regard to psychiatrists, there are two in Juneau and one each in Sitka and Ketchikan. Therefore, Posttraumatic Stress Disorder (PTSD) is currently covered very well. He added that he's a volunteer and that he believes in helping the young people returning because it was so hard for [previous veterans to obtain needed services].

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BRYAN BUTCHER, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), informed the committee that he's available to answer any questions regarding the federal legislation or the AHFC program itself. In response to Chair Lynn, he relayed that AHFC strongly supports HJR 25. The AHFC has been working on getting the language changed in Congress for about 15 years and it is currently closer than it has ever been.

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REPRESENTATIVE GRUENBERG noted that on line 10 of HJR 25 it reads that the number of veterans who qualified for loans has decreased to fewer than 60. He asked, "That means there are only 60 people in the state who are eligible for this?"

REPRESENTATIVE KERTTULA clarified that line 10 reads qualified for and applied for. Therefore, there very well may be more than 60. For those who applied for loans, less than 60 were qualified. She added that 57 loans were [granted].

REPRESENTATIVE KERTTULA, in response to Representative Gruenberg, clarified [that 57 loans were granted] in 2005.

REPRESENTATIVE GRUENBERG corrected that it doesn't read 2005 on lines 9-11.

REPRESENTATIVE KERTTULA concurred and relayed that HJR 25 can be changed to read whereas in 2005.

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REPRESENTATIVE GRUENBERG moved to adopt Amendment 1, as follows:

Page 1, line 9, following "**WHEREAS**":
Insert "in 2005"

REPRESENTATIVE KERTTULA opined that [Amendment 1] would make HJR 25 clearer.

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CHAIR LYNN announced that there being no objection, Amendment 1 was adopted.

REPRESENTATIVE GRUENBERG referred to the Statement of Congressman Paul Ryan in the pill packet, which read in part: "As you know under current law, the State of Alaska, California, Oregon and Texas and my home state of Wisconsin, have the authority to issue tax-exempt bonds..." He offered his understanding that the purpose is for these five states. He asked, "Am I correct that it's targeted at these five states?"

REPRESENTATIVE KERTTULA replied yes.

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REPRESENTATIVE GRUENBERG stated that currently, [Alaska] is only able to issue general obligation (GO) bonds for veterans homes and construction. [Alaska] can't issue GO bonds for any other purpose. He said, "If this is tied to federal law, then if we amend this provision of the constitution, maybe we can do it without worrying about the federal law. Would I be right?"

MR. BUTCHER responded that what makes it necessary to be passed by Congress is the ability for AHFC to sell tax-exempt bonds to fund the Veterans' Loan Program, thus allowing AHFC to offer a reduced interest rate from its normal taxable rate.

REPRESENTATIVE GRUENBERG clarified that [selling tax-exempt bonds] is exempt from federal tax. He asked, "Is there any other way we can do this under current law without amending the tax law or is this the only way we can do it?"

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MR. BUTCHER stated that [selling tax-exempt bonds] is the only manner in which AHFC is able to [operate the Veterans' Loan Program] and receive tax-exempt financing. He acknowledged that there could be a way the State of Alaska would be able to set up some kind of veterans' program on its own. However, there would need to be some kind of monetary break that would allow the corporation to give a reduced interest rate. For example, the interest rate that the Veterans' Loan Program receives depends on the cost of AHFC tax-exempt financing. During times of higher interest rates, it's approximately 1 percent lower than the taxable single-family rate and currently, with lower interest rates, it's not quite that big of a difference. However, it's still substantial. For example, today's interest rate for AHFC's normal taxable program is 6.5 percent, while in the Veterans' Loan Program it's reduced to 5.875 percent.

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MR. BUTCHER, in response to Representative Gruenberg, relayed that he doesn't know how the AHFC Veterans' Loan Program relates to any kind of a federal Department of Veterans Affairs (VA) program. He added that as the years go by, the number of Alaskans that can take advantage of it continues to dwindle.

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REPRESENTATIVE DAHLSTROM moved to report CSHJR 25, Version 24-LS1274\Y, Bullock, 2/7/06, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHJR 25(MLV) was reported out of the House Special Committee on Military and Veterans' Affairs.

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ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 1:28 p.m.