

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 468

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the creation of the
7 Alaska Veterans Service Corporation; and pro
8 viding for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 26 is amended by adding a new chapter to read:

11 CHAPTER 25. ALASKA VETERANS SERVICE CORPORATION.

12 ARTICLE 1. CREATION AND ORGANIZATION.

13 Sec. 26.25.010. THE ALASKA VETERANS SERVICE CORPORATION.

14 There is created the Alaska Veterans Service Corporation
15 which is a public corporation and governmental instrumentality
16 within the Department of Commerce, but has a legal existence
17 independent of and separate from the state. The corporation
18 has continuing succession until its existence is terminated
19 by law. The corporation may not be terminated as long as its
20 bonds or other obligations are outstanding.

21 Sec. 26.25.020. GOVERNING BODY. The board of directors
22 of the corporation shall conduct the business of the corpor-
23 ation. The governor shall designate one of the appointed
24 members of the board as the chairman of the board.

25 Sec. 26.25.030. APPOINTMENT, COMPENSATION, AND TENURE
26 OF MEMBERS OF THE BOARD. (a) The board of directors con-
27 sists of the commissioner of commerce and four members
28 appointed by the governor. To be eligible for appointment as
29 a member of the board, a person must be a resident of the

1 state and experienced in financial or real estate practices.
2 A public employee is not eligible for appointment to the
3 board.

4 (b) Appointed members of the board receive no salary,
5 but are entitled to per diem and travel expenses authorized
6 by law.

7 (c) The appointment of members to the board must be
8 confirmed by the legislature meeting in joint session. A
9 member may act and receive compensation pursuant to his ap-
10 pointment until his appointment is confirmed or rejected by
11 the legislature.

12 (d) The term of office for an appointed member is three
13 years and expires on June 30 of the appropriate year. Of the
14 first board appointments, two appointed members shall serve
15 for two-year terms and the other appointed members shall
16 serve full terms. A member appointed by the governor to fill
17 a vacancy on the board serves for the unexpired portion of
18 the term of the member he succeeds.

19 Sec. 26.25.040. BOARD MEETINGS. (a) Three members
20 constitute a quorum for the transaction of the corporation's
21 business. Each member shall be given notice of a meeting of
22 the board.

23 (b) Board meetings are public, except that any portion
24 of a meeting in which loan applications are discussed shall
25 be private.

26 (c) A certified copy of the minutes of each board meet-
27 ing shall be sent to the governor.

28 Sec. 26.25.050. PERSONNEL. (a) The board shall employ
29 an executive director who shall

1 (1) perform all executive duties required by the
2 board;

3 (2) administer the laws and regulations relating
4 to the veterans loan program;

5 (3) hire other employees who may be required by
6 the board for the conduct of the corporation's business.

7 (b) The board shall prescribe the duties and compensa-
8 tion of the employees of the corporation. Employees of the
9 corporation are exempt from the state personnel act.

10 (c) The attorney general is the legal counsel for the
11 corporation and shall advise the corporation in legal matters
12 and represent it in suits.

13 (d) The corporation shall bond its employees. The
14 board shall determine the amount of bond.

15 Sec. 26.25.060. CONFLICT OF INTEREST. Upon appointment
16 and during his term of office, a board member shall declare
17 privately in writing to the governor and the board any
18 financial interest he has which might conflict with the public
19 nature of his appointment. If there is conflict, the board
20 shall request the member to abstain from decisions resulting
21 in a conflict.

22 ARTICLE 2. POWERS AND DUTIES OF THE CORPORATION.

23 Sec. 26.25.070. POWERS. (a) The corporation shall

24 (1) establish a veterans loan program consonant
25 with the provisions of this chapter;

26 (2) adopt bylaws and regulations governing the
27 business of the corporation;

28 (3) establish the principal office of the corpora-
29 tion at the state capital and may establish regional or local

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offices considered to be necessary;

(4) cooperate with the federal government in matters of mutual concern pertaining to the welfare of Alaskan veterans;

(5) make reports which the federal government may require;

(6) cooperate with the state and its political subdivisions and agencies.

(b) The corporation may

(1) adopt a seal;

(2) sue and be sued;

(3) make contracts and execute instruments necessary or convenient to the exercise of its corporate powers;

(4) acquire, hold, and dispose of personal property;

(5) acquire real property, or interests in real property, by purchase or foreclosure if acquisition is necessary or appropriate to protect a loan in which the corporation has an interest; sell, transfer, and convey the property to a buyer and if a sale, transfer, or conveyance cannot be made with reasonable promptness or at a reasonable price, rent or lease the property;

(6) sell or transfer at par value, premium or discount to the Department of Revenue, any bank, or other private purchaser the mortgages and notes held by the corporation as security for the loans made under this chapter;

(7) invest money held in reserve or sinking funds or money not required for immediate disbursement in obligations of the state or the United States or obligations the

1 principal and interest of which are guaranteed by the state
2 or the United States.

3 (c) The corporation may not pledge the credit or the
4 taxing power of the state or its political subdivisions. The
5 state and its political subdivisions are not liable for the
6 debts of the corporation.

7 Sec. 26.25.080. ANNUAL REPORT. Before January 1 of
8 each year, the board shall submit to the governor and the
9 legislature a comprehensive report describing the operations,
10 fiscal transactions, and financial condition of the corpora-
11 tion.

12 Sec. 26.25.090. ANNUAL AUDIT. The legislative auditor
13 shall annually audit the financial records of the corporation.
14 The legislative auditor may have access to the records of the
15 corporation at any time.

16 ARTICLE 3. FINANCIAL PROVISIONS.

17 Sec. 26.25.100. ISSUANCE OF BONDS. The corporation may
18 issue bonds for those amounts and purposes authorized by law.

19 Sec. 26.25.110. LIMITATION OF LIABILITY ON BONDS. (a)
20 The members of the board and any person executing the bonds
21 are not personally liable for bonds issued by the corporation.

22 (b) Bonds issued by the corporation are not a debt of
23 the state or its political subdivisions and each bond shall
24 so state on its face. Bonds issued by the corporation are pay-
25 able only from the funds or properties of the corporation.

26 Sec. 26.25.120. TAX EXEMPTION. The bonds of the cor-
27 poration and the income from them, and the income and
28 revenues of the corporation are free from taxation and assess-
29 ments of every kind.

1 Sec. 26.25.130. ISSUANCE AND SALE OF BONDS. (a) The
2 bonds of the corporation are authorized by adoption of a
3 resolution which shall prescribe the date of issuance and
4 maturity, interest rate, denomination, form, execution, terms
5 of redemption, and the medium and place of repayment.

6 (b) The bonds shall be sold at public sale at a price
7 determined by the corporation.

8 (c) The signature of a member of the board or an em-
9 ployee of the corporation upon a bond or coupon is not in-
10 validated by his ceasing to hold office before delivery of
11 the bond.

12 Sec. 26.25.140. MAXIMUM INTEREST RATE. The interest
13 rate on bonds of the corporation shall not exceed four per
14 cent a year.

15 Sec. 26.25.150. ADDITIONAL POWERS TO SECURE BONDS. In
16 order to secure payment of its bonds, the corporation, in
17 addition to its other powers, may

18 (1) pledge all or a part of the money received in
19 payment of mortgage loans and interest on mortgage loans, and
20 other money received or to be received by the corporation;

21 (2) pledge all or a part of the assets of the
22 corporation including mortgages and obligations securing
23 mortgages;

24 (3) establish reserves or sinking funds and pro-
25 vide for the regulation and disposition of these funds;

26 (4) provide for the replacement of lost, destroyed,
27 or mutilated bonds.

28 ARTICLE 4. LOANS.

29 Sec. 26.25.160. TYPES OF LOANS. (a) The corporation

1 may make the following loans:

2 (1) Personal loans may be made for educational,
3 domestic, and other personal purposes not exceeding \$2,500.
4 The loans shall be secured by acceptable collateral when
5 available; but, if not available, the corporation may make
6 loans on the basis of good character.

7 (2) Farm and home loans may be made to purchase,
8 refinance, remodel, repair, build, furnish, or equip homes
9 or farms in the state, including the clearing and drainage
10 for farms, not exceeding \$20,000. The loans may not exceed
11 90 per cent of the appraised value when the loan is for the
12 purchase or construction of a home unless additional amounts
13 are secured by collateral determined to be appropriate by the
14 corporation.

15 (3) Business loans may be made to purchase, re-
16 finance, or equip businesses including mining and fishing,
17 but not including farming, not exceeding \$20,000. The loans
18 shall be secured by acceptable collateral and may not exceed
19 75 per cent of the appraised value of the collateral offered
20 as security.

21 (4) The rate of interest on loans made under (a)
22 (1) - (3) of this section is five per cent a year on the un-
23 paid balance.

24 (b) The corporation may enter into agreements with
25 private banks, other lending institutions, and individuals for
26 the purpose of guaranteeing loans made to qualified appli-
27 cants. The guarantees may not exceed 90 per cent of the
28 amount loaned and the loans shall be secured in the same
29 manner provided for direct loans under this section. A loan

1 guaranteed under this subsection by the corporation shall
2 bear an interest rate not exceeding six per cent a year on
3 the unpaid balance.

4 (c) No loans authorized by (a)(2) and (3) of this sec-
5 tion may be made unless the corporation is satisfied that no
6 money is available to the applicant from private lending
7 institutions on a guaranteed basis under (b) of this section.
8 An applicant is eligible for more than one type of loan but
9 total amount loaned by the corporation to an applicant may
10 not exceed \$20,000 at any one time.

11 Sec. 26.25.170. ELIGIBILITY FOR LOANS. (a) The cor-
12 poration may provide a loan to a person who between September
13 16, 1940, and July 25, 1947, or between June 25, 1950, and
14 January 31, 1955,

15 (1) served in the armed forces of the United States
16 for 90 days or more, or whose service was for a lesser period
17 of time because of injury or disability incurred in the line
18 of duty; and

19 (2) was separated or discharged from the armed
20 forces under conditions other than dishonorable; and

21 (3) was, at the time of induction into the armed
22 forces, a resident of the territory and had been a resident
23 of the territory for not less than one year before induction
24 and who returned to the territory or state, with the intention
25 to reside permanently in the territory or state, within one
26 year after

27 (A) release from active military service, or

28 (B) completion of an educational program or

29 medical treatment which the person was entitled to as a

1 federal veteran's benefit, provided the program or
2 treatment was begun within one year after separation or
3 discharge from active military service; or

4 (4) if not a resident of the territory before in-
5 duction into the armed forces, has resided in the territory
6 or state for a period of at least 10 years following his
7 separation or discharge from active military service.

8 (b) The corporation may provide a loan for a person who
9 was dependent on a member of the armed forces if

10 (1) the member was a resident of the territory for
11 one year before induction into the armed forces;

12 (2) the member served in the armed forces for at
13 least 90 days between September 16, 1940, and November 1,
14 1945, or between June 25, 1950, and January 31, 1955; and

15 (3) the member died before November 1, 1945, if a
16 World War II veteran, or before January 31, 1955, if a Korean
17 War veteran; and

18 (4) the member was separated or discharged from
19 the armed forces under conditions other than dishonorable;
20 and

21 (5) the dependent, whether widow, widower, mother,
22 father, sister, or brother is incapable of self-support and
23 was chiefly dependent on the deceased member as a means of
24 support; and

25 (6) the dependent is a resident of the state at
26 the time of making application for a loan and intends to
27 reside in the state permanently.

28 (c) A dependent child is eligible for a personal loan
29 under this chapter if

- 1 (1) the conditions in (b) of this section are met;
2 and
3 (2) there is no surviving spouse; and
4 (3) there is an appointed guardian for the child
5 who may apply for the loan in the child's behalf.

6 * Sec. 2. The assets, liabilities, debts, and claims of the
7 division of veterans' affairs of the Department of Commerce are
8 transferred to the Alaska Veterans Service Corporation. All deeds,
9 mortgages, assignments, or other instruments executed and deliver-
10 ed in conformity with law by the division of veterans' affairs
11 are valid and subsisting and the covenants and conditions in
12 these instruments shall be kept, paid, performed or observed by
13 the corporation.

14 * Sec. 3. The Alaska Veterans Service Corporation may issue
15 bonds not to exceed \$5,000,000 in principal amount. The proceeds
16 from the sale of these bonds shall be used for the following pur-
17 poses:

18 (1) The corporation shall repay to the general fund all
19 money, plus accrued interest, advanced to the legal predecessors
20 of the corporation under the authority of AS 26.15.100. Interest
21 shall be computed at the rate of two and one-half per cent a year.

22 (2) The corporation shall repurchase from the Depart-
23 ment of Revenue all of the outstanding commercial paper of the
24 Department of Commerce which was sold under the authority of
25 AS 26.15.060.

26 (3) After the disbursements in (1) and (2) of this
27 section are made, the remaining proceeds from the sale of the
28 bonds shall be used for veterans loans.

29 * Sec. 4. AS 26.15 is repealed.

1 * Sec. 5. This Act takes effect September 1, 1964.

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