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Offered: 2/7/80  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 33

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Requesting the Governor to direct  
6 action relating to the investment and  
7 loan of the state general fund sur-  
8 plus and relating to the participa-  
9 tion of financial institutions with  
10 the division of business loans in  
11 loan programs of benefit to the  
12 state's economy.

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

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

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

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

25 BE IT RESOLVED by the Alaska State Legislature that the Governor is  
26 respectfully requested to direct the commissioner of revenue and the commis-  
27 sioner of commerce and economic development to take action that will, until  
28 the legislature completes action on a comprehensive economic assistance  
29 program during the Second Session of the Eleventh Legislature or until

1 June 30, 1980, whichever is later,

2 (1) require that, in accordance with authority granted by AS 37.-  
3 10.070(a)(10) and (11), the state purchase not more than \$35,000,000 of resi-  
4 dential mortgages each month beginning with the month during which this  
5 resolution is adopted, subject to the following conditions:

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

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

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

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

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

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

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

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

29 (5) require that mortgage loans purchased by the Department of

1 Revenue from the division of veterans' affairs be made on terms so that net  
2 mortgage costs to the borrower do not exceed seven percent annual interest;  
3 and

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

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