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Referred: Labor & Commerce  
and Finance

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1 IN THE SENATE

2 SENATE BILL NO. 595

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to financing housing for veterans  
7 from proceeds of general obligation bonds; and provid-  
8 ing for an effective date."

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

10 \* Section 1. FINDINGS. The legislature finds that

11 (1) loans to veterans currently absorb a substantial portion of  
12 the available mortgage money of the Alaska Housing Finance Corporation and  
13 the state is using money from the general fund to subsidize mortgages so as  
14 to lower the rate of interest that Alaskans pay for mortgage loans;

15 (2) certain provisions of federal law allow the sale of tax-free  
16 bonds specifically for veterans housing and a tax-free bond provides money  
17 for housing at a lower rate of interest than the taxable bonds that are  
18 currently used by the Alaska Housing Finance Corporation to provide mortgages  
19 for Alaskans;

20 (3) the ability of the state to issue tax-free bonds for veterans  
21 housing would reduce the cost of mortgage subsidies and allow the potential  
22 of making more mortgage money available to nonveteran Alaskans;

23 (4) in order to qualify under the provisions of federal law  
24 allowing the sale of tax-free bonds,

25 (A) the state constitution must be amended in order to allow  
26 state debt to be contracted for housing and to allow the full faith  
27 and credit of the state to be pledged toward repayment of these general  
28 obligation bonds; and

29 (B) the people of Alaska must authorize the state to issue

1 bonds in an amount that provides the necessary mortgage money;

2 (5) it is therefore desirable that a special fund be established  
3 to segregate money received from general obligation bond proceeds for vet-  
4 erans housing to ensure compliance with federal law and the terms of general  
5 obligation bond issues.

6 \* Sec. 2. AS 18.56 is amended by adding a new section to read:

7 Sec. 18.56.107. VETERANS HOUSING GENERAL OBLIGATION BOND LOAN  
8 FUND. There is established in the corporation the veterans housing  
9 general obligation bond loan fund consisting of proceeds of general  
10 obligation bonds issued for the purpose and appropriated to it by the  
11 legislature. Money in the fund may be used only to assist financing of  
12 housing for veterans as authorized in AS 18.56.010 - 18.56.210.

13 \* Sec. 3. This Act takes effect on the effective date of an amendment to  
14 the Constitution of the State of Alaska that would allow incurring state  
15 debt for the purpose of financing housing.  
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