

SENATE CONCURRENT RESOLUTION NO. 12
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR ADAMS

Introduced: 1/14/94
Referred: L&C, FIN

A RESOLUTION

1 **Requesting the governor to have prepared a report and recommendation**
2 **concerning the disposition of certain assets of the Alaska Housing Finance**
3 **Corporation in order to meet the revenue shortfalls in the state's budgets and**
4 **to meet other financial requirements.**

5 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 **WHEREAS** continued state dependence on oil taxes and royalties as the principal
7 source of revenue from which to support state programs and capital improvements leaves state
8 revenue vulnerable to changes in the market price of crude oil; and

9 **WHEREAS**, with the market price of crude oil for the current state fiscal year running
10 well below estimates of its price on which the state fiscal year operating and capital
11 appropriations had been developed, the state is facing a substantial current state fiscal year
12 revenue shortfall; and

13 **WHEREAS** the current state fiscal year budget is balanced, in part, upon expenditure
14 of money from tax settlements, the proper handling of which has been disputed; and

15 **WHEREAS** funds, accounts, and reserves held by the state's various public

1 corporations contain revenue, or generate earnings, that the legislature may consider in
2 discharging its responsibilities to meet the current budget shortfall and to prepare state fiscal
3 year 1995 operating and capital budgets; and

4 **WHEREAS**, in past decades, the legislature has appropriated money to the Alaska
5 Housing Finance Corporation and, from amounts earned on the use of the money initially
6 appropriated, has further appropriated these earnings back to the corporation, allowing the
7 Alaska Housing Finance Corporation to accumulate and retain these appropriations and
8 earnings as assets for its housing programs; and

9 **WHEREAS** a principal beneficiary of those legislative appropriations has been the
10 Alaska Housing Finance Corporation's home ownership assistance program, a source of
11 subsidy and of direct financial support for persons of moderate income to assist in purchasing
12 homes financed under the special mortgage loan purchase program, and similar programs
13 targeting support for home ownership by moderate income Alaska households; and

14 **WHEREAS** evidence suggests that the corporation's activities that provide financial
15 support for persons of moderate income to finance the purchase of homes has not materially
16 altered the percentage of moderate income Alaskans holding title to residences; and

17 **WHEREAS** these moderate income homeowners receive a subsidy from the
18 corporation when the corporation pledges its equity to lower the borrowing costs on bonds it
19 issues to finance home mortgage programs; and

20 **WHEREAS** the marginal reduction of the corporation's mortgage lending rate is no
21 longer an essential subsidy to moderate income Alaska home buyers since other mortgage
22 lenders now compete with the corporation when selling mortgage loans in the secondary
23 market; and

24 **WHEREAS** the legislature believes that it is time to reconsider and measure the
25 efficiency of the policy of providing public money as a source of financial support for persons
26 of moderate income to finance the purchase of homes; and

27 **WHEREAS**, as a first step in that reconsideration, the assets of the Alaska Housing
28 Finance Corporation that are reserved as a source of financial subsidy for persons of moderate
29 income to finance the purchase of homes should be accurately identified so that the legislature
30 may decide whether or not the corporation should sell or otherwise dispose of those assets and
31 return the amounts obtained from the sale and disposition to the state general fund for the
32 legislature's use in discharging its responsibilities to meet the current budget shortfall and to

1 prepare state fiscal year 1995 operating and capital budgets;

2 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the
3 governor to direct the office of management and budget to retain the services of an expert in
4 public finance to identify the reserves and other assets of the Alaska Housing Finance
5 Corporation that relate to the corporation's housing programs of benefit to moderate income
6 persons; to analyze and provide a report and recommendation to the legislature concerning
7 whether or not those reserves and other assets may be sold or otherwise disposed of; and to
8 prepare an estimate of the amounts likely to be amounts obtained from the sale and disposition
9 of the reserves and other assets which may be made available for deposit into the state general
10 fund; and be it

11 **FURTHER RESOLVED** that the report and recommendation be provided to the
12 legislature not later than March 15, 1994, in order that the legislature may give thoughtful
13 consideration to its contents as it discharges its responsibilities to meet the current revenue
14 shortfall and superior court order and to prepare state fiscal year 1995 operating and capital
15 budgets; and be it

16 **FURTHER RESOLVED** that the board of directors of the Alaska Housing Finance
17 Corporation is encouraged to cooperate fully with the office of management and budget and
18 its contractor in the preparation of the report and recommendation identified in this resolution.