



*Sofo*  
12-0179

Introduced: 2/4/51  
Referred: Finance

1 IN THE HOUSE

BY ROGERS AND BROWN

2 HOUSE BILL NO. 13

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 state deposits with construction  
7 loan lenders."

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

9 \* Section 1. AS 06.05 is amended by adding a new section to read:

10 Sec. 06.05.217. STATE DEPOSITS WITH CONSTRUCTION LOAN LENDERS.

11 (a) If a bank, savings association, or credit union makes a loan which  
12 qualifies for financing as a construction loan under AS 18.56 and  
13 charges the borrower interest of 13 percent a year or less, the commis-  
14 sioner of revenue shall deposit an amount equal to the principal of the  
15 loan with the lender within 30 days of the receipt of the loan by the  
16 borrower.

17 (b) The money deposited with the lender under (a) of this section  
18 shall be placed in an account which pays interest of at least 10-1/2  
19 percent a year and shall remain on deposit with the lender at least  
20 until the borrower repays in full the principal and interest due under  
21 the loan described in (a) of this section.

22 \* Sec. 2. AS 37.10.070(a) is amended by adding a new paragraph to read:

23 (14) interest-bearing accounts with a bank, savings associ-  
24 ation or credit union which makes a construction loan under AS 06.05.-  
25 217.  
26  
27  
28  
29

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST... Session

HOUSE ....BILL..... NO. ...13...

By ..ROGERS..AND..BROWN.....

"An Act relating to state deposits with construction loan lenders."

Construction loan lenders

Introduced in the House .... 2/4, 19..81

HISTORY IN THE HOUSE

19 81

Feb. 4..

Read first time and referred to Committee on

Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration  
PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused  
Reported correctly engrossed  
Signed by Speaker  
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration  
PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused  
Reported correctly engrossed  
Signed by President  
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:  
VOTE

Failed to concur in Senate amendment; asked Senate to recede  
VOTE

Senate receded from amendment  
VOTE

Senate failed to recede from amendment  
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House  
VOTE

CC adopted by Senate  
VOTE

To enrolling  
Reported correctly engrossed  
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

HB 13 (1 of 2)

FISCAL NOTE (ADMINISTRATIVE COSTS)

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 13

Title Relating to state deposits with construction loan lenders

Requested by House Finance Committee

Date 2/4/81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		27.5	30.3	33.3	36.6	40.3
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	30.0	30.3	33.3	36.6	40.3

FUNDING (Thousands of Dollars)

	-0-	30.0	30.3	33.3	36.6	40.3
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	-0-	1	1	1	1	1
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The Treasury would place a certificate of deposit at a 10 1/2% rate with the bank that lends on the construction financing (bank could charge 13% or less) IF the new home owner who has new construction built would qualify for an Alaska Housing Finance Corp. loan on the unit when completed. AHFC would have to pre-qualify the mortgage.

Above costs are for an Accounting Tech. I to handle volume of CD's and paperwork necessary to administer program as well as associated detail accounting. Additional assumptions include (1) \$500 million loan volume by AHFC in total per year, (2) 15% of total loan volume is for new construction, which would be eligible for this program. Equipment cost is for new position and related working file storage. See separate fiscal note for impact of this program on general fund revenues available for appropriation.

*Anselm C. Staack*

IV. DATE February 17, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller  
AGENCY Dept. of Revenue/Treasury Division  
PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

HB 13 (2 of 2)

FISCAL NOTE (FUNDS FOR APPROPRIATION IMPACT)

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 13

Title Relating to state deposits with construction loan lenders

Requested by House Finance Committee

Date 2/4/81

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_

Program Category Affected General Fund Available for Appropriation

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) MILLIONS IN TERMS OF REDUCTION IN GENERAL FUND BALANCES AVAILABLE FOR APPROPRIATION

<u>FUNDING</u> (Thousands of Dollars)	MILLIONS					
GENERAL FUND		-0-	75.0	-- SEE BELOW FOR EFFECT ON THESE YEARS --		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The Treasury would place a certificate of deposit at a 10 1/2% rate with the bank that lends on the construction financing if the new home would qualify for the long term AHFC loan. Bank could charge 13% or less.

Because the CD is related to a specifically underlying loan commitment this investment becomes a non-liquid asset and could not be used to finance other expenditures or otherwise be appropriated for other uses. Therefore this amount is a reduction in general fund balances available for appropriation. Assumptions include: (1) \$500 million loan volume by AHFC in total per year, (2) 15% of total loan volume is for new construction. The above would be similar to a revolving loan fund which would use the initial years' \$75 million each new year for new loans after the old construction loans are paid off. Therefore, in each year, \$75 million would show in general fund balances as an asset but be unavailable for appropriation. Above does not include the subsidy related to the rate charged vs. market yield obtainable.

IV. DATE February 17, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 13

Title An Act relating to State deposits with construction loan lenders

Requested by \_\_\_\_\_ Date 1/23/81

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development

Program Category Affected Consumer Protection

BRU, Program, or Subprogram(s) Affected Financial Institutions

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	49.6	54.5	60.0	66.0	72.6	79.9
200 TRAVEL	20.0	22.0	24.2	26.6	29.2	32.1
300 CONTRACTUAL	5.0	5.5	6.1	6.7	7.4	8.1
400 COMMODITIES	1.5	1.7	1.9	2.1	2.3	2.6
500 EQUIPMENT	2.0	.5	.5	.5	.5	.5
600 LAND & STRUCTURES	1.9	2.1	2.3	2.5	2.7	2.8
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
<b>TOTAL</b>	<b>80.0</b>	<b>88.0</b>	<b>95.0</b>	<b>104.4</b>	<b>114.7</b>	<b>126.1</b>

FUNDING (Thousands of Dollars)

	80.0	88.0	95.0	104.4	114.7	126.1
GENERAL FUND	80.0	88.0	95.0	104.4	114.7	126.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0

POSITIONS

	1	1	1	1	1	1
FULL TIME	1	1	1	1	1	1
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Full implementation of the regulatory responsibilities of this bill will require the full-time services of an experienced bank examiner. The position would be located in the division's Anchorage field office. It will be necessary to individually monitor each loan outstanding for compliance. In addition, the state's federally chartered financial institutions must agree to cooperate in allowing audits of these loans.

*Willis F. Kirkpatrick*  
Willis F. Kirkpatrick, Director

IV. DATE 1/23/81

PREPARED BY Division of Banking & Securities

AGENCY Department of Commerce & Economic Development

PHONE 465-2521

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 2/4/81  
Referred: Finance

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