

COMMITTEE REPORT
SENATE

FURTHER: None

Date: 2/19/81

Mr. President:

The Committee on FINANCE has had SB 185

making a supplemental appropriation for the special mortgage loan purchase program

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 185 (Am) same title
 new title
- and recommends "Do Pass"
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

Delivered to: SFC
Legis. Affairs 2/16/81
4:30 PM
2/19/81

Funding Information	
General Fund	\$150,000,000
Other Funds	-0-
	<u>\$150,000,000</u>

Introduced: 2/16/81
Referred: Finance

1 IN THE SENATE

BY BENNETT

2 SENATE BILL NO. 185

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriations for the
7 to the Alaska Housing Finance Corporation
8 special mortgage loan purchase program; and providing
for an effective date."

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

10 * Section 1. The sum of ^{133,000,000} ~~\$150,000,000~~ is appropriated from the general
11 fund to the Alaska Housing Finance Corporation, Department of Revenue, for
12 the special mortgage loan purchase program. ~~(AS 18.56.098) for the fiscal~~
13 ~~year ending June 30, 1981.~~

14 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

16 Sec. 2 The sum of \$12,500,000 is appropriated from the
17 General Fund to the Alaska Housing Finance Corporation, Department
18 of Revenue, for the Mobile Home Loan Purchase Program

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20
21 Sec. 3 The sum of \$ 4,500,000 is appropriated from the
22 General Fund to the Alaska Housing Finance Corporation,
23 Department of Revenue, for the non-owner occupied multi-
24 family rural loan program.

25 Sec. 4 The appropriations made by this act are for
26 loan ~~Program~~ ^{Program} capitalization and are subject to the provisions
27 of AS 37.25.010.
28
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Funding Information

General Fund \$150,000,000
Other Funds -0-
\$150,000,000

Introduced: 2/16/81
Referred: Finance

1 IN THE SENATE

BY BENNETT

2

SENATE BILL NO. 185

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act making a supplemental appropriation for the
7 special mortgage loan purchase program; and providing
8 for an effective date."

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

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* Section 1. The sum of \$150,000,000 is appropriated from the general
11 fund to the Alaska Housing Finance Corporation, Department of Revenue, for
12 the special mortgage loan purchase program (AS 18.56.098) for the fiscal
13 year ending June 30, 1981.

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* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

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Original Sponsor: Bennett

Funding Information

General Fund	\$150,000,000
Other Funds	-0-
	<u>\$150,000,000</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 185 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Alaska Housing Finance Corporation; and providing for
8 an effective date."

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

10 * Section 1. The sum of \$133,000,000 is appropriated from the general
11 fund to the Alaska Housing Finance Corporation, Department of Revenue, for
12 the special mortgage loan purchase program.

13 * Sec. 2. The sum of \$12,500,000 is appropriated from the general fund
14 to the Alaska Housing Finance Corporation, Department of Revenue, for the
15 mobile home loan purchase program.

16 * Sec. 3. The sum of \$4,500,000 is appropriated from the general fund to
17 the Alaska Housing Finance Corporation, Department of Revenue, for the
18 nonowner-occupied multi-family rural loan program.

19 * Sec. 4. The appropriations made by this Act are for loan program
20 capitalization and are subject to the provisions of AS 37.25.020.

21 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.
22 070(c).

Funding Information

General Fund	\$150,000,000
Other Funds	-0-
	<u>\$150,000,000</u>

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 185 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION.

A BILL

For an Act entitled: "An Act making supplemental appropriations to the Alaska Housing Finance Corporation; and providing for an effective date."

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

* Section 1. The sum of \$133,000,000 is appropriated from the general fund to the Alaska Housing Finance Corporation, Department of Revenue, for the special mortgage loan purchase program (AS 18.56.098).

* Sec. 2. The sum of \$12,500,000 is appropriated from the General Fund to the Alaska Housing Finance Corporation, Department of Revenue, for the Mobile Home Loan Purchase Program (AS 18.56.098(4)).

* Sec. 3. The sum of \$4,500,000 is appropriated from the General Fund to the Alaska Housing Finance Corporation, Department of Revenue, for the non-owner occupied multi-family rural loan program (AS 18.56.090(4)).

* Sec. 4. The appropriations made by this act are for loan program capitalization and are subject to the provisions of AS 37.25.020.

* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HCS CSSB 135 (Fin)
 Title "An Act making supplemental appropriations to the Alaska Housing Finance Corp.
 Requested by Finance Date _____

(Title con'd). and the Dept. of Commerce & Economic Dev. & providing for an effective date.

II. FISCAL DETAIL
 Agency Affected Department of Commerce and Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Energy and Power Development
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	14.315					
200 TRAVEL	7.600					
300 CONTRACTUAL	2818.505					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	2550.0					
TOTAL	5398.600					

FUNDING (Thousands of Dollars)

<u>GENERAL FUND</u>	5398.600					
<u>FEDERAL FUNDS</u>						
<u>OTHER (Specify Fund Source)</u>						

POSITIONS

<u>FULL TIME</u>	6					
<u>PART TIME</u>						
<u>TEMPORARY</u>						

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

The budget presented provides for sufficient support for the Division to provide a technical review and upgrade of the Residential Energy Audit, continue the training of residential auditors in areas where there are no auditors, and provide for the payment of residential audits and grants and refunds for energy conservation measures.

\$735.0 will be used for a demonstration project whereby the Division contracts with municipalities to perform a service of audits and energy conservation measures on a community basis.

IV. DATE 3/17/81

PREPARED BY *Clarissa Quintan*
 AGENCY Commerce & Economic Development
 PHONE 276-0508

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HOUSE BILL 173

<u>100 PERSONAL SERVICES</u>	<u>\$ 14,315</u>
3 Energy Specialist I (16A) \$2,211/mo. x 1 mo. plus 25.5% payroll burden x 3 =	\$ 8,325
2 Administrative Assistant I (12A) \$1,695/mo. x 1 mo. plus 25.5% payroll burden x 2 =	\$ 4,255
1 Clerk Typist III (08A) \$1,335 mo. x 1 mo. plus 30% payroll burden =	\$ 1,735
<u>200 TRAVEL</u>	<u>\$ 7,600</u>
15 trips @ \$300	\$ 4,500
38 days per diem @ \$80	\$ 3,100
<u>300 CONTRACTUAL</u>	<u>\$2,818,505</u>
Professional Services	
Technical review and upgrading residential audit	\$ 15,000
Development of commercial and institutional energy audit standards	\$ 25,000
Revision of auditor training materials	\$ 5,000
Instructor fees for four intensive auditor training workshops (Sitka, Unalaska, Dillingham, Nome)	\$ 12,000
Instructor fees for 10 auditor recertification and proficiency upgrading workshops (2 Fairbanks, 3 Anchorage, 1 Juneau, 1 Ketchikan, 1 Bethel, 1 Kodiak, 1 Barrow)	\$ 26,400
Monitoring of completed energy audits (These funds will be used to ensure that the audit quality is maintained by all energy auditors performing the State Energy Audit. These funds will pro- vide quality control checks on all audits com- pleted. On-site checks will be made on audits.)	\$ 108,055
Homeowner workshops and public education. "How-to do-it" homeowner workshops to be sponsored in 10 Alaskan communities and publicity of availability of program	\$ 40,000
Statistical analysis and information retrieval	\$ 50,000

Energy audits (9,800 @ \$175)	\$1,715,000
Contracts with municipalities for performance of energy audits and for energy conservation improvements	\$ 735,000
Space Rental 6 (\$1.50/sq. ft. x 150 sq. ft. x 3 mo) =	\$ 4,050
Phones, Copying, Etc.	\$ 3,000
Printing	
Training Materials	\$ 10,000
Audit Forms and Manuals	\$ 70,000
<u>400 SUPPLIES</u>	<u>\$ 1,000</u>
<u>500 EQUIPMENT</u>	<u>\$ 8,180</u>
2 Calculators @ \$100 =	\$ 200
2 Programmable calculators @ \$240 =	\$ 480
3 Selectric typewriters @ \$900 =	\$ 2,700
6 Desks, chairs, files @ \$800 =	\$ 4,800
<u>700 GRANTS, CLAIMS, ETC.</u>	<u>\$2,550,000</u>
9,273 grants and refund @ \$275	
TOTAL	<u>\$5,398,600</u>

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

TO: Hon. Arliss Sturgulewski
Chairwoman
Budget & Audit Committee

FROM: Milt Barker ^{MB}
Fiscal Analyst

DATE: February 18, 1981

SUBJECT: AHFC and the Ullman Bill

Attached is an excerpt from a December 4, 1980, Alaska Housing Finance Corporation memo to Governor Hammond that lists provisions of the Ullman bill which have a significant impact on AHFC.

As a result of the Ullman bill, the following options are under consideration for AHFC's future financing needs:

- 1) tax-exempt mortgage revenue bonds that meet the requirements of the Ullman bill
- 2) state general obligation bonds used for veterans' mortgages
- 3) taxable mortgage revenue bonds
 - a) 30 year term
 - b) 10 year term, non-assumable mortgages
- 4) pass-through mortgage certificates

AHFC has prepared legislation which would permit the corporation to undertake any of the options except G.O. bonds. That option probably would require a constitutional amendment.

It is apparent that alternatives are available which would enable AHFC to meet its mortgage demand at significantly less cost than the \$225 million contained in the Governor's budget for FY 82.

THE OPTIONS

Tax-Exempt Revenue Bonds

Basically the Ullman bill limits Alaska's issuance of tax-exempt revenue bonds used for purchasing mortgages to \$200 million per year, of which only \$100 million could be issued by AHFC, the remainder being reserved for municipalities. Because of several other restrictions, listed in the attachment, AHFC has doubts about whether there would be even \$100 million of qualified mortgages that they could purchase. AHFC has commissioned ISER to provide them with a report, due this February, as to just how much demand in terms of qualified mortgages would exist in FY 82 as well as total mortgage demand. In any event, no tax-exempt revenue bonds can be issued after December 31, 1983 under the Ullman bill. Municipalities are waiting for Treasury regulations before taking any actions themselves.

G.O. Bonds for Veterans

The one loophole in the bill is that general obligation bonds for veterans' mortgages are not prohibited or limited. This avenue could possibly fulfill up to 40% of AHFC's demand.

However, constitutional questions about such bonds might effectively preclude their use prior to a constitutional amendment. The constitution provides that G.O. bonds are to be authorized only for "capital improvements." Some of the opinions on this issue hold that there are two tests of what constitutes a "capital improvement." One is that a tangible physical asset be created; the other is that the state acquire a legal interest in the asset.

Even if a legal opinion could be gotten which claimed G.O. bonds for veterans' mortgages were constitutional, the potential question would remain and might effectively preclude marketing the bonds. A constitutional amendment, if passed in the 1982 general elections, would not be of any assistance until the last half of FY 83.

Taxable Bonds

The most straightforward alternative to tax-exempt bonds would seem to be to issue similar bonds whose only difference would be that the interest they pay will be subject to federal income tax and thus they would bear a higher interest coupon. Of course, the required subsidy from the state to keep the homeowners' borrowing costs the same will be correspondingly greater.

However, Dean Witter is proposing that AHFC issue a shorter term bond, 10 years as opposed to a normal 30 year maturity, to take advantage of lower interest rates in the short term market. There would be some distinct disadvantages to homeowners in that their loans would not be assumable and would, in effect, have their interest rate redetermined at 10 year periods. The amortization schedule for a homeowner would still be based on a 30-year period and AHFC would have a lien for 30 years as well.

Pass-Through Mortgage Certificates

Merrill, Lynch has proposed that AHFC issue pass-through certificates which are a financial instrument that basically involves packaging and selling a group of mortgages. The certificate holders receive the mortgage payments as they are made to a trustee. Insurance guards against delinquencies. Prepayments accelerate the cash flow to the certificate holder; prepayments result from the sale and refinancing of homes.

The acceleration of cash flow results in the certificates trading at lower interest rates than a 30 year taxable bond. The certificates in effect have a 10 to 12 year maturity--though based on 30 year mortgages--due to prepayments.

Another advantage to the state is that they are not general obligations of AHFC and are not counted as part of overall state indebtedness.

FISCAL ANALYSIS

Subsidy Methods and AHFC Capitalization

An important aspect of Dean Witter's proposal is that they propose state appropriations that would be large enough to

provide the required subsidy of taxable bonds solely from the interest earnings on the appropriations. The method AHFC employed for the 1980 bond issues uses both the principal and interest to provide the subsidy. This results in a lesser amount to fund the subsidy and leaves no principal remaining when the bonds are paid off.

The Dean Witter proposal would leave the principal amount in AHFC as permanent assets. Over time, this could result in sufficient capitalization of AHFC that no additional subsidy appropriations from the state would be required. There would, however, be a possible lessening of state control of AHFC as well as a relative diminution of the general fund which would lessen the state's flexibility in reassessing needs and allocating resources in the future.

FY 81 Appropriations and AHFC Capitalization

Along the same lines, Witter proposes that AHFC be released from its requirement to return \$236 million in state loans and mortgages to the state general fund on July 1, 1983. These investments were appropriated to AHFC and pledged by them to permit a possible redemption of its 1980 bond issues in case the Ullman bill removed their tax-exempt status. As this did not occur, the state might want to consider whether these investments could be returned to the general fund sooner than 1983. An amendment to the bond resolution could be required.

As the attached statement from AHFC's 1980 third series bond prospectus indicates, only \$50.6 million of \$105 million appropriated to AHFC in cash last session was required for interest subsidies. The rest was used to purchase mortgage loans. These mortgages, in fact all assets of the State Assisted Mortgage Fund (SAM Fund), were pledged for possible redemption of 1980 bond issues. "Assets" include the interest earned on the total \$290.4 million in loans and mortgages, another \$41.5 million by June 30, 1981, bringing total assets to \$331.9 million at that date. After another two years, further interest should bring SAM assets to \$398 million at which time \$236 million would be returned to the general fund, leaving \$162 million with AHFC.

The \$162 million would also be released from its pledge for redemption on July 1, 1983. Then, it could be used as subsidies reducing the need for state appropriations for

MEMORANDUM

February 18, 1981

AHFC/Ullman Bill

Page 5

such for FY 84. However, it is more likely that AHFC will again pledge the SAM assets at that time, if not before as a "junior" pledge, to force the state to yield these assets to AHFC indefinitely. The assets would probably be continually invested in mortgages thus reducing the need somewhat for state subsidies, but not as much as if the assets themselves were used for the subsidies. Possibly legislation could forestall AHFC's use of pledging to permanently capture excess state appropriations. Certainly future appropriations could contain language to guard against this if desired.

FY 81 Supplemental and AHFC Capitalization

For the month of February 1981, AHFC has received \$70 million in requests for mortgages. Given the amount of funds remaining from 1980 bond issues, AHFC had planned to allot \$40 million per month for the remainder of FY 81 for mortgage purchases. Five months of \$30 million deficiency is the basis for the \$150 million appropriation in SB 185.

These funds would be used to purchase mortgages directly; this type of funding of AHFC mortgage purchases has not previously been utilized. The funds will become permanent assets of AHFC. This method requires more up-front state dollars than if subsidized bond funds could be used.

AHFC plans a July 1981 bond sale of \$200 million (July 23 is the closing date). Although AHFC may very well need \$150 million before then to provide commitments, actual cash draw down should be much less. With a 110 day commitment period, up to \$203 million in loan commitments could remain undrawn on July 23, 1981, if commitments have been made at a rate of \$70 million per month through June 30, 1981.

Thus, SB 185 could contain language that would revert any portion of the \$150 million that is not expended as of July 23, 1981, to the general fund. This would ensure that subsidized bond funds rather than state appropriations are used for any loans committed to during FY 81 but drawn down after July 23, 1981. This alternative would require appropriation of the subsidy for an additional \$150 million in bonds in FY 82 in case all of the supplemental is returned and the commitments funded entirely in FY 82 from bond proceeds.

MEMORANDUM
February 18, 1981
AHFC/Ullman Bill
Page 6

To ensure that all FY 81 commitments are funded from bond funds, the \$150 million could be made a loan to AHFC to be repaid from the July bond sale and only the subsidy appropriated. This would result in no additional capitalization of AHFC. Using the same assumptions used for figuring subsidies in AHFC's FY 82 budget request, the subsidy appropriation would be \$61.5 million.

FY 82 Appropriations

The Governor's budget contains an appropriation of \$225 million for AHFC subsidies. This amount, it is claimed, will provide the required subsidy if the bond market is at 15% and \$700 million in loans are made (only \$616 million of which will be loans for amounts below \$90,000 and thus eligible for subsidy).

I estimate a subsidy cost of \$236 million for \$576 million in subsidized loans in the same market. \$576 million is the \$616 million in loans reduced by \$40 million in principal repayments and interest on SAM fund assets during FY 82.

The above calculations assume principal and interest of subsidy appropriations are used for subsidies.

Merrill, Lynch had estimated an interest cost of 13.1% for pass-through certificates and Dean Witter a cost of 12.5% for early maturities and 13% on later maturities of their short-term taxable bond for the same market in which long term AHFC bonds would cost 15%.

Using Merrill, Lynch's 13.1% pass-through securities, the subsidy cost would be \$139 million for \$616 million in subsidized mortgages or \$130 million for \$576 million of mortgages.

The subsidy costs for Dean Witter's short-term bonds would be practically the same were it not for their plan to use only interest from the state appropriation for subsidy. On this basis, their required subsidy appropriation was estimated at \$205 million for \$616 million in subsidized bonds.

MEMORANDUM
February 18, 1981
AHFC/Ullman Bill
Page 7

Equity Considerations under Taxable Bonds

In a 15% taxable bond market with the addition of a 1% service fee for AHFC--those being AHFC's assumptions for their FY 82 budget submission--the subsidy cost is 39% of the principal amount of any loan up to \$90,000. This is so as long as the mortgage rate to borrowers remains at 9% for veterans and 10% for others.

This means that anyone can get the equivalent of a \$35,000 payment this year from the state by taking out a home loan of \$90,000 or more. Over the life of the loan, the interest on the subsidy amount of \$35,000 results in a total subsidy to an individual of \$159,000. For a low income individual who participates in AHFC's Home Ownership Assistance Program, the subsidy is even greater.

Using the preliminary 1980 census figure of 400,331 people and the 1970 census average household of 3.52 persons, the total cost of providing every household in Alaska with a \$35,000 payment this year would be \$3.98 billion.

Attachment

cc: Senate Finance Committee
House Finance Committee

PROVISIONS OF THE ULLMAN BILL

The Federal legislation generally provides for the following:

1. STATE CEILING OF \$200 MILLION PER CALENDAR YEAR. Although the legislation provides for a State ceiling per calendar year of the greater of nine percent of the average annual principal amount of mortgages executed during the past three years or \$200 million, the \$200 million figure is the greater for the State of Alaska.
2. PURCHASE PRICE LIMITATION. The acquisition cost of a residence financed by the proceeds of the bond issue may not exceed 90 percent of the average price in the area for the preceding 12 months.
3. FINANCING CAN BE PROVIDED FOR ONLY OWNER-OCCUPIED SINGLE FAMILY RESIDENCES. Only under special and certain circumstances can two to four family owner-occupied residences be financed with the proceeds of a tax-exempt bond issue.
4. HOME BUYER CANNOT HAVE OWNED A HOME WITHIN THE PAST THREE YEARS. The legislation precludes from participation a home buyer who has had a present home ownership interest in a principal residence during the immediately preceding three year period.
5. STATE HOUSING AGENCIES LIMITED TO 50 PERCENT OF STATE CEILING. The legislation provides that a State agency may issue only 50 percent of the State ceiling per year unless another allocation is made by State law. The other 50 percent is allocated to local government issuers based upon their market share for the preceding three calendar years. The initial interim authority is provided to the Governor and the termination of the Governor's authority is the earliest of (a) January 1, 1982, or (b) the effective date of any State legislation with respect to the allocation of the State ceiling.
6. THE EFFECTIVE MORTGAGE RATE CANNOT EXCEED BOND YIELD BY MORE THAN ONE PERCENT. This provision requires the Alaska Housing Finance Corporation to include in its one percent mark-up, in addition to the traditionally included cost of administration and Seller/Service fees, the cost of issuance of the bonds and some fees which are born by the mortgagor

(home buyer). In addition to the one percent arbitrage limit, the legislation provides that other arbitrage and investment gains shall be paid or credited to the mortgagors in the most expeditious fashion.

7. ~~ALL MORTGAGES MUST BE NEW MORTGAGES.~~ No part of the proceeds of an issue under this legislation can be used to acquire or replace existing mortgages.
8. ~~NO REFUNDING OF MORTGAGE SUBSIDY BONDS IS ALLOWED AFTER THE DATE OF ENACTMENT.~~ In the event that the bond market returned to a position where the refunding by bond issue of a past issue would attain better interest rates for the Alaska Housing Finance Corporation, we would be unable to derive the benefit of such a situation.
9. ~~THIS YEAR'S MORTGAGE REVENUE BOND ISSUES ARE PROTECTED IN THEIR TAX-EXEMPT STATUS.~~ The only positive aspect of this legislation is that it protects the tax-exempt status of the most recent \$460 million in bonds that have been issued by the Alaska Housing Finance Corporation so long as the proceeds of the issues are entirely expended in mortgage purchases or have been firmly committed to purchases within one year from the date of issuance.
10. ~~GENERAL OBLIGATION BONDS ISSUED TO PROVIDE SINGLE FAMILY RESIDENCES FOR VETERANS ARE NOT AFFECTED OR ELIMINATED.~~ The bill eliminates the ability by any State or local government unit to issue any tax-exempt mortgage revenue bonds after December 31, 1983.

State Assisted Mortgage Fund
June 30, 1980 Appropriations and Estimated December 31, 1981 Valuations

Summary of SAM Fund Balances

	<u>Upon Initial Appropriation June 30, 1980</u>	<u>Estimated As of December 31, 1981</u>
Cash and Investment Securities	\$105,000,000	\$ 50,650,000
Mortgage Loans—Appropriated	236,000,000	
—Appropriated and Purchased		<u>281,250,000</u>
	<u>\$341,000,000</u>	<u>\$331,900,000</u>

Summary of Estimated SAM Fund Activity—June 30, 1980 through December 31, 1981

	<u>Cash & Investments</u>	<u>Mortgage Loans</u>	
Initial Appropriations			
Cash	\$105,000,000		
Mortgage Loans		\$236,000,000	
Earnings on Mortgages and Investments	41,500,000		
Mortgage Principal Payments	6,750,000	(6,750,000)	
Mortgage Purchases—SAM Program	(102,000,000)	102,000,000	
Subsidy Cost—1980 Second Series		(9,000,000)	
—1980 Third Series		(41,000,000)	
Investment Securities	(600,000)		
Balance upon Completion of Purchases of State Fiscal Year Commitments July 1, 1980-June 30, 1981	<u>50,650,000</u>	<u>281,250,000</u>	<u>331,900,000</u>

FACT SHEET: ALASKA HOUSING FINANCE CORPORATION

1) AHFC conducts five separate but interrelated housing programs:

- * Special Mortgage Purchase Program (SAM)
- * Rural Housing Mortgage Purchase Program
- * Mobile Home Loan Purchase Program
- * Home Ownership Assistance Program (HOAP)
- * Rural (non-owner occupied) Mortgage Purchase Program

2) Appropriations - FY 81 actual/FY 82 requested

* Special Mortgage Loan Purchase Program	\$105 million	\$225 million
* Housing Insurance Fund	12.5 million	14 million
* Rural Housing Mortgage Purchase Program	6.5 million	20 million
* Rural Housing Mortgage Insurance Fund	325,000	1 million
* Rural Housing Title Insurance Fund	130,000	.5 million
* Home Ownership Fund	2.5 million	50 million
* Mobile Home Loan Purchase Program	-0-	40 million
* Mobile Home Loan Insurance Fund	-0-	4 million
* Rural (non-owner occupied)	-0-	5 million
* Rural (non-owner occupied) title insurance	-0-	.5 million
	<hr/>	
	\$126,955,000	\$360,000,000

plus appropriation of "paper" to
SAM and HOAP:

\$286,000,000

3) Effects of passage of SB 1 last session:

- * reconstituted board of directors;
- * placed AHFC under the Executive Budget Act;
- * expanded accountability through annual report and audits;
- * removal of income limitations;
- * subsidized interest rate;
- * allowance for Graduated Payment Mortgages (GPM's or PAM's);
- * established Home Ownership Assistance Fund (HOAP);
- * defined construction standards;
- * set FNMA ceilings for loan-to-value limits and loan amount li
- * procedures for regional allocation;
- * allowed AHFC to develop guidelines for assumptions;
- * allowance for refinancing for home improvements.

4) Security for bond holders:

- * principal and interest payments on mortgages made with proceeds
- * capital reserve fund totalling 10% of outstanding bonds (funded from bond proceeds);
- * insurance account totalling two percent of unpaid principal (funded by legislative appropriation).

5) Miscellaneous statistics:

- * AHFC bond rating is "A";
- * delinquency as of 10/31/80: 2.87 percent;
- * total insured mortgage bonds outstanding: \$977.8 million
- * size of staff: 22 - 31 persons;
- * total active mortgages as of 9/30/80: 10,395;
- * loans approved 7/1/80 - 10/31/80 under SAM: 3,872 or \$311 million

Rec'd 3/23/81
 Rec'd after
 Bill Reported
 out of Committee

THE LEGISLATURE OF THE STATE OF ALASKA
 ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
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 Requested by Finance Date _____

(Title con'd). and the Dept. of Commerce & Economic Dev. & providing for an effective date.

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400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	2550.0					
TOTAL	5398.600					

FUNDING (Thousands of Dollars)

GENERAL FUND	5398.600					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	6					
PART TIME						
TEMPORARY						

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

The budget presented provides for sufficient support for the Division to provide a technical review and upgrade of the Residential Energy Audit, continue the training of residential auditors in areas where there are no auditors, and provide for the payment of residential audits and grants and refunds for energy conservation measures.

\$735.0 will be used for a demonstration project whereby the Division contracts with municipalities to perform a service of audits and energy conservation measures on a community basis.

IV. DATE 3/17/81

PREPARED BY Clarissa Quinlan
 AGENCY Commerce & Economic Development
 PHONE 276-0508

Original: Legislative Finance
 cc: Budget and Management
 _____ (First Leg. later Named)

HOUSE BILL 173

<u>100 PERSONAL SERVICES</u>	<u>\$ 14,315</u>
3 Energy Specialist I (16A) \$2,211/mo. x 1 mo. plus 25.5% payroll burden x 3 =	\$ 8,325
2 Administrative Assistant I (12A) \$1,695/mo. x 1 mo. plus 25.5% payroll burden x 2 =	\$ 4,255
1 Clerk Typist III (08A) \$1,335 mo. x 1 mo. plus 30% payroll burden =	\$ 1,735
<u>200 TRAVEL</u>	<u>\$ 7,600</u>
15 trips @ \$300	\$ 4,500
38 days per diem @ \$80	\$ 3,100
<u>300 CONTRACTUAL</u>	<u>\$2,818,505</u>
Professional Services	
Technical review and upgrading residential audit	\$ 15,000
Development of commercial and institutional energy audit standards	\$ 25,000
Revision of auditor training materials	\$ 5,000
Instructor fees for four intensive auditor training workshops (Sitka, Unalaska, Dillingham, Nome)	\$ 12,000
Instructor fees for 10 auditor recertification and proficiency upgrading workshops (2 Fairbanks, 3 Anchorage, 1 Juneau, 1 Ketchikan, 1 Bethel, 1 Kodiak, 1 Barrow)	\$ 26,400
Monitoring of completed energy audits (These funds will be used to ensure that the audit quality is maintained by all energy auditors performing the State Energy Audit. These funds will pro- vide quality control checks on all audits com- pleted. On-site checks will be made on audits.)	\$ 108,055
Homeowner workshops and public education. "How-to do-it" homeowner workshops to be sponsored in 10 Alaskan communities and publicity of availability of program	\$ 40,000
Statistical analysis and information retrieval	\$ 50,000

Energy audits (9,800 @ \$175)	\$1,715,000
Contracts with municipalities for performance of energy audits and for energy conservation improvements	\$ 735,000
Space Rental 6 (\$1.50/sq. ft. x 150 sq. ft. x 3 mo) =	\$ 4,050
Phones, Copying, Etc.	\$ 3,000
Printing	
Training Materials	\$ 10,000
Audit Forms and Manuals	\$ 70,000
<u>400 SUPPLIES</u>	<u>\$ 1,000</u>
<u>500 EQUIPMENT</u>	<u>\$ 8,180</u>
2 Calculators @ \$100 =	\$ 200
2 Programmable calculators @ \$240 =	\$ 480
3 Selectric typewriters @ \$900 =	\$ 2,700
6 Desks, chairs, files @ \$800 =	\$ 4,800
<u>700 GRANTS, CLAIMS, ETC.</u>	<u>\$2,550,000</u>
9,273 grants and refund @ \$275	
TOTAL	<u>\$5,398,600</u>