

SJR

20

98TH CONGRESS
1ST SESSION

H. R. 1176

To amend the Internal Revenue Code of 1954 to continue to allow Mortgage Revenue Bonds to be issued.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1983

Mr. DOWNEY of New York (for himself, Mr. FRENZEL, Mr. HEFTEL of Hawaii, Mr. DUNCAN, Mr. GEPHARDT, Mr. GUARINI, Mr. ANTHONY, Mr. FORD of Tennessee, Mrs. KENNELLY, Mr. VANDEE JAGT, Mr. THOMAS of California, Mr. JENKINS, Mr. PEASE, Mr. CAMPBELL, Mr. MATSUI, Mr. CONABLE, Mr. MARTIN of North Carolina, Mr. DOBOAN, Mr. FLIPPO, Mr. FOLEY, and Mr. LOTT) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1954 to continue to allow Mortgage Revenue Bonds to be issued.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Housing Finance Oppor-
5 tunity Act of 1983".

1 SEC. 2. REQUIREMENTS FOR MORTGAGE SUBSIDY BONDS.

2 (a) IN GENERAL.—Section 103A(c)(1) of the Internal
3 Revenue Code of 1954 (relating to the definition of a quali-
4 fied mortgage bond) is amended to read as follows:

5 “(1) QUALIFIED MORTGAGE BONDS DEFINED.—

6 “(A) IN GENERAL.—For purposes of title,
7 the term ‘qualified mortgage bond’ means an obli-
8 gation which is issued as part of a qualified mort-
9 gage issue.”

10 (b) The amendment made by this section applies to obli-
11 gations issued after December 31, 1983.

○

98TH CONGRESS
1ST SESSION

S. 137

II

To amend the Internal Revenue Code of 1954 to continue to allow mortgage bonds to be issued.

IN THE SENATE OF THE UNITED STATES

JANUARY 26 (legislative day, JANUARY 25), 1983

Mr. ROTH (for himself, Mr. MITCHELL, Mr. SASSER, Mr. DURENBERGER, Mr. DANFORTH, Mr. HEFLY, Mr. DODD, Mr. TSONGAS, Mr. MELCHER, Mr. ABDNOE, Mr. PACKWOOD, Mr. D'AMATO, Mr. STAFFORD, Mr. COCHRAN, Mr. LEVY, Mr. TRIBLE, Mr. RIEGLE, Mr. WALLOP, Mr. CRANSTON, Mr. MUEKOWSKI, Mr. PELL, and Mr. HUDDLESTON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1954 to continue to allow mortgage bonds to be issued.

1. *Be it enacted by the Senate and House of Representa-*
2. *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Housing Finance Oppor-
5 tunity Act of 1983".

1 SEC. 2. REQUIREMENTS FOR MORTGAGE SUBSIDY BONDS.

2 (a) IN GENERAL.—Section 108A(c)(1) of the Internal
3 Revenue Code of 1954 (relating to the definition of a quali-
4 fied mortgage bond) is amended to read as follows:

5 “(1) QUALIFIED MORTGAGE BOND DEFINED.—

6 “IN GENERAL.—For purposes of this title,
7 the term ‘qualified mortgage bond’ means an obli-
8 gation which is issued as part of a qualified mort-
9 gage issue.”

10 (b) The amendment made by this section applies to obli-
11 gations issued after December 31, 1983.

§ 103A. Mortgage subsidy bonds

(a) **General Rule.** Except as otherwise provided in this section, any mortgage subsidy bond shall be treated as an obligation not described in subsection (a)(1) or (2) of section 103.

(b) **Mortgage subsidy bond defined.**

(1) In general. For purposes of this title, the term "mortgage subsidy bond" means any obligation which is issued as part of an issue a significant portion of the proceeds of which are to be used directly or indirectly for mortgages on owner-occupied residences.

(2) **Exceptions.** The following shall not be treated as mortgage subsidy bonds:

- (A) any qualified mortgage bond; and
- (B) any qualified veterans' mortgage bond.

(c) **Qualified mortgage bond; qualified mortgage issue; qualified veterans' mortgage bond.**(1) **Qualified mortgage bond defined.**

(A) In general. For purposes of this title, the term "qualified mortgage bond" means an obligation which is issued as part of a qualified mortgage issue.

(B) **Termination December 31, 1983.** No obligation issued after December 31, 1983, may be treated as a qualified mortgage bond.

(2) **Qualified mortgage issue defined.**

(A) **Definition.** For purposes of this title, the term "qualified mortgage issue" means an issue by a State or political subdivision thereof of 1 or more obligations, but only if—

- (i) all proceeds of such issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences, and
- (ii) such issue meets the requirements of subsections (d), (e), (f), (g), (h), (i), and (j).

(B) **Good faith effort to comply with mortgage eligibility requirements.** An issue which fails to meet 1 or more of the requirements of subsections (d), (e), and (f) and paragraphs (2) and (3) of subsection (j) shall be treated as meeting such requirements if—

- (i) the issuer in good faith attempted to meet all such requirements before the mortgages were executed,
- (ii) 95 percent or more of the proceeds devoted to owner-financing was devoted to residences with respect to which (at the time the mortgages were executed) all such requirements were met, and
- (iii) any failure to meet the requirements of such subsections and paragraphs is corrected within a reasonable period after such failure is first discovered.

(C) **Good faith effort to comply with other requirements.** An issue which fails to meet 1 or more of the requirements of subsections (g), (h), and (i), and paragraph (1) of subsection (j) shall be treated as meeting such requirements if—

- (i) the issuer in good faith attempted to meet all such requirements, and
- (ii) any failure to meet such requirements is due to inadvertent error after taking reasonable steps to comply with such requirements.

(3) **Qualified veterans' mortgage bond defined.** For purposes of this section, the term "qualified veterans' mortgage bond" means any obligation—

- (A) which is issued in registered form as part of an issue substantially all of the proceeds of which are to be used to provide residences for veterans.
- (B) the payment of the principal and interest on which is secured by the general obligation of a State, and
- (C) which is part of an issue which meets the requirements of subsection (j)(2).

(d) **Residence requirements.**

(1) For a residence. A residence meets the requirements of this subsection only if—

- (A) it is a single-family residence which can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided, and
- (B) it is located within the jurisdiction of the authority issuing the obligation.

(2) For an issue. An issue meets the requirements of this subsection only if all of the residences for which owner-financing is provided under the issue meet the requirements of paragraph (1).

(e) **3-year requirement.**

(1) In general. An issue meets the requirements of this subsection only if each mortgagor to whom financing is provided under the issue had a present ownership interest in a principal residence of such mortgagor at no time during the 3-year period ending on the date the mortgage is executed. For purposes of the preceding sentence, the mortgagor's

RENDED TITLE:

SUPPORTING PASSAGE OF H.R. 1176 AND S. 137 IN THE CONGRESS
 OF THE UNITED STATES, AMENDING THE INTERNAL REVENUE
 CODE TO ALLOW CERTAIN HOME MORTGAGE BONDS TO CONTINUE TO
 BE TAX-EXEMPT

PRIME SPONSOR: ROBEY.

CO-SPONSORS: FISCHER, P. , ZIEGLER, MALFORD, STURGULEVSKI, FERGUSON, JOSEPHSON,
 FISCHER, V. , KERTTULA.

CURRENT STATUS: 6/30/83 SIGNED BY GOVERNOR

JR 20 SENATE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
03/16/83	01	0404	FIRST READING -- COMMITTEE REPORTS
04/06/83	02	0589	L&C -- DP03
05/06/83	03	1213	RLS -- OTHER03 TAKEN UP IMMEDIATELY
06/06/83	04	1215	SECOND READING
06/06/83	05	1216	ADVANCED TO 3RD READING BY UNAN CONSENT
06/06/83	06	1216	THIRD READING
06/06/83	07	1216	PASSED BY DIV 18-00-02
06/25/83	14	1510	TRANSMITTED TO GOVERNOR
06/30/83	15	1625	SIGNED BY GOVERNOR
06/30/83	16	1625	LEGISLATIVE RESOLVE NO. 21

XXXX XX XX XXX XXX XXX

JR 20 HOUSE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
06/10/83	08	1656	FIRST READING -- COMMITTEE REPORTS
06/22/83	09	1903	L&C -- DP05, NR02
07/24/83	10	1957	SECOND READING
07/24/83	11	1957	ADVANCED TO 3RD READING BY UNAN CONSENT
07/24/83	12	1957	THIRD READING
07/24/83	13	1957	PASSED BY DIV 38-00-02

XXXX XX XX XXX XXX XXX



ALASKA STATE SENATE

M E M O R A N D U M

DATE: March 16, 1983
TO: Senator Patrick Rodey
FROM: Jim Kelly, Aide *JK*
RE: Fact Sheet on Housing Resolution / *SJR 20*

Purpose: This is an effort to persuade Congress to enact federal legislation this session which would continue the tax-exempt revenue bond program beyond 1983.

History: In an effort to increase tax revenues, Congress passed a piece of legislation three years ago, commonly known as the Ullman bill. This act severely curtailed tax-exempt bond financing by housing agencies across the country. One provision of the law, however, does contain an exception which allows each state to issue up to \$200 million per year of tax-exempt mortgage bonds, but only until December 31, 1983. Legislation has been introduced in both the U.S. House and Senate which would repeal this sunset clause, thus allowing the states to continue issuing \$200 million of these Mortgage Subsidy Bond Tax Act (MSBTA) bonds annually, indefinitely.

Information:

* If AHFC were able to continue issuing \$200 million of these MSBTA bonds annually, the State would save, each year, \$25 million in subsidy costs, at current interest rates.

* As of January 31, 1983, AHFC has purchased 2,723 mortgages financed with MSBTA bonds. The dollar amount of these mortgages is \$223 million.

* Characteristics of MSBTA-financed mortgages:

** 92 percent go to first-time homebuyers;

** the average sales price for a home is \$85,920, compared to \$116,938 for a taxable bond-financed home;

** the average loan amount is \$80,179, compared to \$98,147;

** recipients have an average monthly income of \$3,221, compared to \$4,711 under the taxable program;

** the average interest rate paid is 9.90 percent, compared to 12.26 percent under the taxable program;

** the average monthly P and I payments are \$698.19, compared to \$1,039.94 under the taxable program.

** current loan limits are \$104,986 for an existing single-family home, and \$128,143 for a newly-constructed home.

Alaska

HOUSING



FINANCE CORPORATION

March 23, 1983

The Honorable Rick Uehling
Chairman
House Special Committee on Loans
Pouch V
Juneau, Alaska 99811

MAR 28 1983

Dear Representative Uehling:

I am unable to attend the Loans Committee hearing today because of a prior commitment on another Corporation matter. I would like to offer the Corporation's support for the Resolution before you, HJR 37.

Since the passage of the Mortgage Subsidy Bond Tax Act of 1980, Alaska Housing Finance Corporation has issued \$385 million in tax-exempt bonds for first mortgages and \$15 million for home improvement loans, the amount authorized for the State by U.S. Department of Treasury. AHFC intends to fully utilize its 1983 bond authorization of \$200 million which must be issued prior to December, 1983.

Since the program was implemented in December of 1981, 2,603 mortgages totaling \$198,403,600 have been made to qualifying Alaskans, and we currently have outstanding commitments for an additional \$65,063,550. Seventy percent of these mortgages were for newly constructed homes, indicating the effect the program has on the Alaska economy.

We have met with the members of our Congressional delegation and are pleased that all three have signed on as co-sponsors of the housing bills in their respective bodies, H.R. 1176 and S. 137. The fact that 205 Representatives and 49 Senators are co-sponsoring the bills is an indication of the support nationwide for the extension of tax-exempt bonding for housing.

Passage of HJR 37 by the Legislature would add the support of all Alaskans at a critical time. The Administration in Washington D.C. continues to speak against tax-exempt mortgage bonds, and as yet only three senior members of the Way and Means Committee and four senior members of the Senate Finance Committee have co-sponsored the bills.

We hope that in the Loans Committee consideration of the Resolution, you will urge quick and unanimous passage, and we appreciate the support you have given this measure.

Sincerely,

A handwritten signature in dark ink, appearing to read "MSL", written over a light-colored background.

Michael S. Lynch
Executive Director

MSL:sel

TED STEVENS, ALASKA
LOWELL P. WEICKER, JR., CONN.
JAMES A. MC CLURE, IDAHO
PAUL LAXALT, NEV.
JAKE GARN, UTAH
THAD COCHRAN, MISS.
MARK ANDREWS, N. DAK.
JAMES ADDONOR, S. DAK.
ROBERT W. KASTEN, JR., WIS.
ALFONSE M. D'AMATO, N.Y.
MACK MATTINGLY, GA.
WARREN RUDMAN, N.H.
ARLEN SPECTER, PA.
PETE V. DOMENICI, N. MEX.

JOHN C. STENNIS, MISS.
ROBERT C. BYRD, W. VA.
WILLIAM PROXMIRE, WIS.
DANIEL K. INOUE, HAWAII
ERNEST F. HOLLINGS, S.C.
THOMAS F. EAGLETON, MO.
LAWTON CHILES, FLA.
J. BENNETT JOHNSTON, LA.
WALTER D. HUDDLESTON, KY.
QUENTIN N. BURDICK, N. DAK.
PATRICK J. LEAHY, VT.
JIM SASSER, TENN.
DENNIS DE CONCIU, ARIZ.
DALE BUMPERS, ARK.

J. KEITH KENNEDY, STAFF DIRECTOR
FRANCIS J. SULLIVAN, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

MAR 22 1983

March 15, 1983

The Honorable Rick Uehling
House of Representatives
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Rick:

Thank you for your fine letter concerning my co-sponsorship of S. 137, a bill which would repeal the sunset provision on mortgage revenue bonds.

The Housing Finance Opportunity Act of 1983 is an important piece of legislation for Alaska. Since the passage of the Mortgage Subsidy Bond Act of 1980, the Alaska Housing Finance Corporation (AHFC) has issued \$400 million in tax exempt bonds for Alaska housing. This has meant 2,396 mortgages to qualifying Alaskans. For the first half of fiscal year 1983, 40% of the first mortgages made by AHFC were done with mortgage revenue bonds. The program saves the State about \$30 million a year in financing costs.

As I understand it, many members of the Legislature are very supportive of the mortgage revenue bond program, and both chambers will shortly consider a resolution which would formally express this support. I welcome the State's enthusiasm for this program, and look forward to working with the Legislature and the Governor to preserve a law that provides quality housing opportunities to many Alaskans.

With best wishes,

Cordially,


TED STEVENS

FRANK H. MURKOWSKI

ALASKA

COMMITTEE ON ENERGY AND
NATURAL RESOURCES

COMMITTEE ON FOREIGN
RELATIONS

COMMITTEE ON VETERANS'
AFFAIRS

United States Senate

WASHINGTON, D.C. 20510

March 15, 1983

WASHINGTON OFFICE

(202) 224-6888

ANCHORAGE OFFICE:

701 C STREET, BOX 1
(907) 271-3738

JUNEAU OFFICE:

FEDERAL BUILDING, BOX 1847
(907) 588-7400

FAIRBANKS OFFICE:

101 12TH AVENUE, BOX 7
(907) 468-0233

MAR 22 1983

The Honorable Rick Uehling
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Rick:

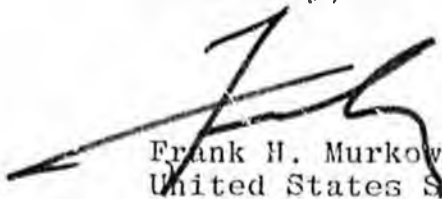
I appreciate your interest in S. 137. I am an original cosponsor of this bill. S. 137 would amend the Internal Revenue Code to allow the continued use of mortgage revenue bonds on a tax-exempt basis. Under current law, mortgage revenue bonds issued after December 31, 1983, would not be tax-exempt.

As you are probably aware, the mortgage revenue bond program is particularly important to Alaska. This year the Alaska Housing Finance Corporation (AHFC) expects to issue \$800 million in mortgage revenue bonds, of which \$200 million will be tax-exempt under the program. This is the maximum amount of tax-exempt mortgage revenue bonds that can be legally issued by the State of Alaska. Through the use of this program, AHFC will be able to provide favorable financing for home purchases to lower and middle income Alaskans who otherwise might not be able to afford to purchase those homes.

I will continue to press for prompt Congressional action on S. 137. There are now forty-four cosponsors of S. 137 in the Senate.

With best regards.

Sincerely,



Frank H. Murkowski
United States Senator

REMARKS BY REPRESENTATIVE RICK UEHLING ON BEHALF OF HJR 37

Thank you, Mr. Speaker. House Joint Resolution 37, supporting passage of House Resolution 1176 and Senate Bill 137 in the United States Congress, would express Alaska's official endorsement of the tax-exempt mortgage revenue bond program, currently set to expire on December 31 of this year, under the provisions of the Uhlman amendment found in 26 U.S. Code 103A(c) (1) (B).

S. 137, co-sponsored by Senators Murkowski and Stevens in the U.S. Senate, and H.R. 1176, co-sponsored by Representative Young in the U.S. House of Representatives, would repeal the sunset provision on mortgage revenue bonds to allow the continuation of this valuable program.

As you know, Mr. Speaker, since its implementation in December of 1981, the M.R.B. program has allowed Alaska Housing Finance Corporation to effectively finance 2,603 mortgages totaling \$198,403,600.

Based on my own knowledge and understanding of the dynamics of the housing finance market, as well as discussion with the Executive Director of A.H.F.C., with Senators Stevens and Murkowski, and with representatives of

the Alaskan home construction industry, I believe that the extension of the M.R.B. program is essential to the continuation of the present level of A.H.F.C. activity.

I urge all of my colleagues to support this resolution.

SENATE LABOR AND COMMERCE
STANDING COMMITTEE
April 5, 1983
1:35 p.m.

Members Present: Senator Dick Eliason, Chair
Senator Bob Mulcahy
Senator Pat Rodey

Members Absent: Senator Don Bennett
Senator John Sackett

COMMITTEE CALENDAR

SB 182

"An Act relating to elevator safety standards."

SJR 20

"Supporting passage of J.R. 1176 and S. 137 in the Congress of the United States, amending the Internal Revenue Code to allow certain home mortgage bonds to continue to be tax-exempt."

SB 188

"An Act relating to bank holding companies."

WITNESS REGISTER

(SB 182)

Judy Knight, Special Assistant to the Commissioner
Dept. of Labor
P. O. Box 1149
Juneau, Alaska 99802
465-2700

Position statement: Department supports SB 182.

(SB 188)

Willis Kirkpatrick, Director, Division of Banking, Securities and
Corporations, Dept. of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811
465-2521

Position statement: Knows of no opposition to SB 188.

PREVIOUS ACTION

(In Senate Labor and Commerce only.)
No previous action on any of these measures.

ACTION NARRATIVE

Tape #17
Number 008

Senator Eliason called the meeting to order with members Senator Rodey and Senator Mulcahy present. Senate Bill 182, concerning elevator safety standards. Senator Josephson, prime sponsor, had provided a memorandum on the measure for the information of committee members.

Judy Knight, Special Assistant to the Commissioner of the Department of Labor, provided the department position on the measure. She stated that the department supports SB 182, which adopts the 1981 American National Standards Institute Safety Code, and permits municipalities to adopt and enforce standards at least as strict as those set forth in the Code.

Sen. Mulcahy inquired if it was that case that existing elevator operations will not be affected by passage of this legislation, for example, old elevators will not need to have telephones installed, etc.

Number 100

Judy responded that this was correct. Just future elevator construction will conform to the new safety requirements. This bill will not affect existing elevators. There is one elevator inspector for the state, and Anchorage has one to serve their municipal inspection program. The inspector covers elevators, and amusement rides. There are 886 elevators in the state (425 in Anchorage are covered by the City Inspector), and the inspector is quite busy with 225 inspections per year.

Number 193

Senator Rodey moved that SB 182 be passed out of committee with individual recommendations, his own a "do pass". There being no objection, it was so ordered.

Number 203

SJR 20, concerning the amending of the Internal Revenue Code to allow certain home mortgage bonds to continue to be tax-exempt, was taken up for consideration. Senator Rodey, prime sponsor, described the measure as the companion to House Joint Resolution 37. The committee developed the intention, with Sen. Rodey's agreement, to have the Senate pass HJR 37. Senator Rodey outlined the matters addressed by the resolution. He explained that the savings to the state would be great if the tax-exempt mortgage bonds program is continued. He has heard no opposition to the measure, and feels that the program it supports is desirable, especially in Alaska. Senator Rodey then suggested using the House Resolution as a vehicle to pass the measure. Senator Eliason suggested that the committee pass out SJR 20 and waive referral of HJR 37 in order to expedite its arrival in the Rules Committee.

Senator Rodey moved that SJR 20 be passed out of committee with individual recommendations. There were no objections, it was passed out.

Number 280

Senator Rodey then

addressed SB 188, of which he is also the prime sponsor. The measure relates to bank holding companies. Its purpose is to allow all financial institutions "to be on a level playing field", to establish parity. Sen. Rodey stated that the bill has unanimous support, including from the Div. of Banking, Securities and Corporations.

Number 340

Willis Kirkpatrick, Director of the Division of Banking, Securities and Corporations described the purpose of the measure. The bill makes a single change in the domestic bank holding companies section of the Alaska Banking Code. The problem is that domestic bank holding companies, of which Alaska presently has four, are prohibited from establishing new banks in the state, and recently formed banks are prohibited from establishing domestic bank holding companies. (These prohibitions went into effect as a result of passage of a comprehensive interstate banking bill last session. The problem described above had not been previously detected or anticipated.) Mr. Kirkpatrick knows of no reason why there would be opposition to the measure.

Number 426

Wes Coyner, lobbyist for Alaska Bankers Association, did not testify on the measure, but the committee members asked if he supported the measure. He stated that he did not oppose the measure, he supported it. Senator Rodey moved that SB 188 be passed out with individual recommendations. There being no objections, it was so moved.

Number 435

The meeting adjourned at 2:00 p.m.

COMMITTEE REPORT
SENATE

3/16/83

FURTHER:

Date: 4/5/83

Mr. President:

The Committee on Labor & Commerce has had SJR 20

Supporting passage of H.R. 1176 and S. 137 in the Congress of the United States, amending the Internal Revenue Code to allow certain home mortgage bonds to continue to be tax-exempt.

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 _____ same title
- and recommends _____ new title
- 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]

CHAIRMAN

Name (please print)	Address	Representing	Testify?? (YES or NO)	Phone Number
Senator Rodey				

SENATE LABOR AND COMMERCE COMMITTEE

HEARING DATE 4/5/83

Supporting passage of H.R. 1176 + S. 137

Bill Fact Sheet

Date Received 3/16/83

Bill Number STR20 Title Support HR 1176/S 137 bonds / exempt

Fiscal Note - Date Requested _____ Date Received _____

- Of Whom _____

Dept. Position Paper - Date Requested _____ Date Received _____

- Of Whom _____

Resource People

Initial Hearing - Date 4/5/83
People Contacted

Rodey 3/31

Follow-up Hearing - Date _____

Final Action _____ Date _____