

**HOUSE
COMMITTEE REPORT**

(11)

Date referred: 2/19/86

FURTHER REFERRALS:

DATE: 4-23-86

The FINANCE Committee has considered HB 533

"An Act relating to the issuance of tax-exempt, state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with _____ same title
- _____ new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

Albert B. Adams
John S. Grotz
Mike Szymanski
Ronald L. Larson
Kat Furchert
Rich Uebel
Steve Nial
Jim Gith
Bob B...

SIGNING OTHER RECOMMENDATIONS:

Albert B. Adams
Chairman

Introduced: 1/31/86
Referred: House Special Committee on
State Loans and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 533

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the issuance of tax-exempt,
7 state-guaranteed revenue bonds by the Alaska Housing
8 Finance Corporation to finance mortgages for qualify-
9 ing veterans under AS 18.56; and providing for an
10 effective date."

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

12 * Section 1. For the purpose of assisting the Alaska Housing Finance
13 Corporation to provide money for the purchase of mortgages made for resi-
14 dences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of
15 the Alaska Housing Finance Corporation are unconditionally guaranteed as to
16 principal and interest by the state in the principal amount of not more
17 than \$600,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general obli-
20 gation of the State of Alaska. A statement of this pledge must be printed
21 on the face of the bonds and must be signed in manual or facsimile form by
22 the governor. The provisions of AS 37.15 do not apply to the bonds. The
23 bonds shall be sold by the Alaska Housing Finance Corporation under AS 18.-
24 56 at public sale in amounts and at times approved by the state bond com-
25 mittee. The guarantee authorized by this section is in addition to the
26 guarantees authorized by sec. 5, ch. 35, SLA 1982; by sec. 1, ch. 81, SLA
27 1983; and by sec. 1, ch. 115, SLA 1984.

28 * Sec. 2. If the question set out in sec. 4 of this Act is approved by
29 the qualified voters of the state who vote on the question, the Alaska

1 Housing Finance Corporation may issue not more than the principal amount of
2 \$600,000,000 of its revenue bonds that are unconditionally guaranteed as to
3 principal and interest by the state, the proceeds of which are to be ex-
4 pended by the Alaska Housing Finance Corporation to provide money for the
5 purchase of mortgages made for residences for qualifying veterans under
6 AS 18.56. The authorization in this section to issue bonds is in addition
7 to the authorizations to issue bonds that appear in sec. 6, ch. 35, SLA
8 1982; in sec. 2, ch. 81, SLA 1983; and in sec. 2, ch. 115, SLA 1984.

9 * Sec. 3. As used in this Act, a qualifying veteran is a person who is
10 a "qualified veteran" as that term is defined or may be subsequently de-
11 fined under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980).

12 * Sec. 4. The question of the state guaranty of bonds referred to in
13 this Act shall be submitted to the qualified voters of the state at the
14 general election to be held on November 4, 1986, and shall read substan-
15 tially as follows:

16 PROPOSITION

17 State Guaranteed Veterans Residential

18 Mortgage Bonds \$600,000,000

19 Shall the State of Alaska unconditionally guarantee
20 as a general obligation of the state, the payment of
21 principal of and interest on revenue bonds of the
22 Alaska Housing Finance Corporation issued in the
23 principal amount of not more than \$600,000,000 for
24 the purpose of purchasing mortgages made for resi-
25 dences for qualifying veterans, as defined by law?

26 Bonds Yes []

27 Bonds No []

28 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
29 10.070(c).

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 4/17/86

REQUEST

Bill/Resolution No. : HB 533
 Title : AHFC tax exempt bonds

 Sponsor : Governor
 Requestor : House Finance Committee
 Date of Request : 4/17/86

FISCAL DETAIL

Agency Affected : Governor
 BRU : elections/Lt. Gov

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|----------|-------|-------|-------|-------|
| PERSONAL SERVICES | | 0 | | | | |
| TRAVEL | | 0 | | | | |
| CONTRACTUAL | | 0 | | | | |
| SUPPLIES | | 0 | | | | |
| EQUIPMENT | | 0 | | | | |
| LAND & STRUCTURES | | 0 | | | | |
| GRANTS, CLAIMS | | 0 | | | | |
| MISCELLANEOUS | | 0 | | | | |
| TOTAL OPERATING | | 0 | | | | |

| | | | | | | |
|---------|--|---|--|--|--|--|
| CAPITAL | | 0 | | | | |
|---------|--|---|--|--|--|--|

| | | | | | | |
|---------|--|---|--|--|--|--|
| REVENUE | | 0 | | | | |
|---------|--|---|--|--|--|--|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|------------|--|--|--|--|
| GENERAL FUND | | 0 | | | | |
| FEDERAL FUNDS | | 0 | | | | |
| OTHER | | --- | | | | |
| TOTAL | | --- | | | | |

POSITIONS :

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

Funds needed to pay for the ballot should be absorbed in the division's FY 87 budget or be funded by RSA from AHFC.

Prepared by : Al Adams, Chair Phone : 465-3706
 Division : House Finance Committee Date : 4/17/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Alaska HOUSING FINANCE CORPORATION



April 23, 1986

The Honorable Albert P. Adams
Representative, State of Alaska
Pouch V
Juneau, AK 99811

Dear Representative Adams:

The Corporation has requested legislation authorizing a \$600 million bond proposition to be presented to the voters in the 1986 general election. This legislation, introduced by the Governor, is set forth as Senate Bill 533.

The bonds issued pursuant to the voter authorization would be used to continue availability of funding for the Veterans Mortgage Program. Proceeds of the bonds will be used to acquire mortgage loans secured by residences purchased by veterans meeting the federal definition of "Qualified Veteran."

As you are aware, Alaska veterans obtaining loans through Alaska Housing Finance Corporation receive an interest rate on the first \$90,000 of their loan 1% below the rate applicable to non-veterans. The Corporation's current rate is 9.25%, an unsubsidized rate equal to the cost of funds related to the last taxable bond issue. A veteran obtaining a \$90,000 loan receives an interest rate of 8.25%, 1% below the Corporation's cost of funds. Lacking the ability to sell tax-exempt bonds, a 1% subsidy would still apply to veteran mortgages even in today's relatively low interest rate environment.

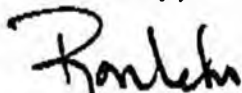
Were the Corporation currently able to sell veterans bonds in the tax-exempt market (we are unable to do so as a result of pending federal legislation), the cost of funds would be expected to be in the range of 8.25% to 8.50%. The ability to issue tax-exempt veterans bonds thus enables the Corporation to effectively eliminate the state veterans preference subsidy with respect to those state veterans who meet the federal definition of "Qualified Veteran."

It should be noted that the current difference between taxable financing costs (9.25%) and estimated tax-exempt veterans bond financing costs (8.25% to 8.50%) is at an unusually low level. During higher and more stable interest rate environments, that difference would be expected to be between 1.5% to 2.0%. At times when the Corporation's taxable cost of funds is in excess of 10%, the sale of tax-exempt veterans bonds eliminates the veterans preference subsidy as well as reduces a portion of the non-veteran interest rate subsidy.

The Honorable Albert P. Adams
April 22, 1986
Page 2

Assuming issuance of the full \$600 million of veterans bonds with a taxable versus tax-exempt spread of 1.5%, the total subsidy savings to the Corporation attributable to the ability to issue the tax-exempt veterans bonds would approximate \$54 million.

Sincerely,



Dr. Ronald D. Lehr
Executive Director

SU

1/31 5/27/79

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 2

Revision Date : _____

REQUEST HB 533 # 2
 Bill/Resolution No. : _____
 Title : Act relating to issuance of tax-exempt state guaranteed bonds by AHFC for Veterans housing
 Sponsor : _____
 Requestor : Governor
 Date of Request : _____

FISCAL DETAIL
 Agency Affected : Revenue
 BRU : Alaska Housing Finance Corporation
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | -0- | -0- | -0- | -0- | -0- | -0- |
| REVENUE | -0- | -0- | -0- | -0- | -0- | -0- |

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS :

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

SEE ATTACHED

Prepared by : Mark Cameron Phone : 276-5599
 Division : Alaska Housing Finance Corporation Date : December 29, 1985
 Approved by Commissioner : [Signature] Date : 1/2/86
 Agency : _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

HB 533 # 2 - page 2 of 2

The attached bond proposition authorized the issuance of \$600 million state-guaranteed revenue bonds by AHFC to purchase residential loans made to veterans. This proposition will enable the continuation of the Corporation's Veterans Mortgage Program implemented in 1983. A total of \$1,257,000,000 State Guaranteed Veterans bonds have been issued by AHFC through calendar year 1985. The guarantee by the state of Alaska permitted by the favorable passage of bond proposition is necessary under federal law to sell the bonds in the tax-exempt market. Funding of the Veterans Mortgage Program in the tax-exempt market results in a reduction of the state subsidy related to the purchase of the veteran's mortgages by approximately 2/3rds.

It is assumed that the veteran's mortgage loans will be purchased by the Corporation irrespective of the receipt of the tax-exempt bond authorization. Accordingly, there is no fiscal impact on the operating budget.

ALASKA HOUSING FINANCE CORPORATION

Veterans Mortgage Program

Information as of December 31, 1985

| | <u>Veterans Bonds</u> | | <u>Balance Remaining</u> |
|------|-----------------------|-----------------|--------------------------|
| | <u>Authorized</u> | <u>Issued</u> | |
| 1982 | \$400.0 million | \$400.0 million | |
| 1983 | \$500.0 million | \$405.0 million | \$ 95.0 million |
| 1984 | \$700.0 million | \$452.5 million | \$247.5 million |

Loans Made:

| | | |
|-------|--------------|----------------------|
| FY 83 | 2,484 | \$ 54,376,200 |
| FY 84 | 4,016 | 467,310,100 |
| FY 85 | 2,507 | 289,507,600 |
| FY 86 | <u>840</u> | <u>101,838,150</u> |
| | <u>9,847</u> | <u>\$913,032,050</u> |

FY 86 through December 31, 1985

| | | |
|----------------------------------|-------|------|
| Total AHFC Loans | 2,718 | 100% |
| AHFC Loans to Qualified Veterans | 840 | 31% |

Summary of Projected Veterans Mortgage Bond Issues

| <u>Calendar Year</u> | <u>Total Bond Issuance</u> | <u>1984 Authorization</u> | <u>1986 Authorization</u> |
|----------------------|----------------------------|---------------------------|---------------------------|
| 1986 | \$302.5 | \$247.5 | \$ 55.0 |
| 1987 | 302.5 | | 302.5 |
| 1988 | <u>242.5</u> | | <u>242.5</u> |
| | <u>\$847.5</u> | <u>\$247.5</u> | <u>\$600.0</u> |

Eligibility under the Veterans Mortgage Program is restricted by Federal requirements to those veterans who entered the service prior to January 1, 1977 and who have not been out of the service for more than 30 years.

In addition to the requirement for State authorization, Veterans Mortgage Bonds are subject to a Federally imposed calendar year cap of \$302.5 million.

The tax proposal recently passed by the House and currently under review by the Senate places the Veterans Mortgage Bonds under a State ceiling of \$200 million. The new ceiling would apply to Industrial Development Bonds, Qualified Mortgage (First Time Homebuyer) Bonds, Multifamily Housing Bonds, Qualified Non-Profit Agency Bonds, and Veterans Mortgage bonds. Thus, housing bonds, including those for veterans, would be required to compete for their share of the \$200 million State cap.

The uncertainties associated with the recent tax bill currently preclude the issuance of Veterans Mortgage Bonds.

DATE 12/31/85

ALASKA HOUSING FINANCE CORPORATION
 STATE GUARANTEED BONDS - VETERANS MORT.
 LOAN SUMMARY MORTGAGES PURCHASED

| | FY 1984 | % | FY 1985 | % | FY 1986 THRU(12/31/85) | % |
|---------------------------|----------------|--------|----------------|--------|------------------------|--------|
| SALES PRICE | 128,877 | | 130,774 | | 135,381 | |
| APPRAISED VALUE | 132,573 | | 133,336 | | 138,856 | |
| NOTE AMOUNT | 118,382 | | 115,480 | | 121,236 | |
| MONTHLY INCOME | 5,008 | | 4,874 | | 5,025 | |
| AGE OF BORROWER | 38.4 | | 38.7 | | 39.0 | |
| SIZE OF HOUSEHOLD | 3.1 | | 3.1 | | 3.3 | |
| LOAN TO SALES PRICE RATIO | 88.59% | | 88.31% | | 89.55% | |
| WEIGHTED AVG INT. RATE | 9.51% | | 10.49% | | 9.72% | |
| MONTHLY P&I | 982.01 | | 1,055.88 | | 1,038.20 | |
| DWELLING TYPE..SFR | 3,433 | 85.48 | 2,178 | 86.82 | 753 | 89.64 |
| CONDO | 382 | 9.01 | 193 | 7.70 | 28 | 3.33 |
| DUPLX | 91 | 2.27 | 22 | .88 | 7 | .83 |
| PUD | 128 | 3.19 | 92 | 3.87 | 39 | 4.64 |
| MOHM | 2 | .05 | 17 | .68 | 13 | 1.55 |
| TRI- PLEX | | | 4 | .18 | 0 | .00 |
| FOUR PLEX | | | | | 0 | .00 |
| NEW/EXISTING....NEW | 2,048 | 50.95 | 1,210 | 48.28 | 342 | 40.71 |
| EXISTING | 1,970 | 49.05 | 1,297 | 51.74 | 498 | 59.29 |
| 1ST TIME HOMEOWNER..YES | 1,335 | 34.48 | 821 | 36.74 | 288 | 34.28 |
| NO | 2,631 | 65.51 | 1,588 | 63.26 | 552 | 65.71 |
| INSURANCE TYPE.....FHA | | | | | 0 | .00 |
| VA | 1,588 | 39.74 | 1,122 | 44.75 | 385 | 43.45 |
| CONVA | 2,420 | 60.26 | 1,385 | 55.25 | 475 | 56.55 |
| ELIGIBILITY.....STVA | 4,016 | 100.00 | 2,507 | 100.00 | 840 | 100.00 |
| NON-STVA | | | | | 0 | .00 |
| ORIG. PRINCIPAL BALANCE | 487,310,100.00 | | 289,507,600.00 | | 101,838,150.00 | |
| ORIG. NUMBER OF LOANS | 4,016 | | 2,507 | | 840 | |



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 14, 1986

The Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, DC 20510

Dear Senator Stevens:

The U.S. House of Representatives recently approved H.R. 3838, the Tax Reform Act of 1985, which has been sent to the U.S. Senate for consideration. The purpose of this letter is to inform you of how the provisions on tax-exempt bonding would affect the state of Alaska and to request your continued assistance to preserve the benefits of tax-exempt bond financing as an essential component of capital financing in Alaska.

Presently, the state has a federal bond ceiling of \$702.5 million for three types of tax exempt bonds: industrial development bonds (\$200 million), qualified mortgage bonds (\$200 million), and veterans mortgage bonds (\$302.5 million), plus an unlimited volume for other major types, such as multifamily housing bonds and qualified nonprofit agency bonds (e.g., hospitals). Under the House tax bill, the volume limit for all of these purposes (and certain others) would be \$200 million. This is a decrease of over 70 percent. No other state is so severely impacted.

Without belaboring the point, it is clear that the House tax bill unfairly impacts Alaska in the tax-exempt bond provisions. However, we also realize that in the current fiscal environment, some sacrifices must be made, and our requests for assistance are made in that light.

With respect to the volume cap, we have two recommendations. First, we recommend that efforts be made to remove veterans mortgage bonds from the cap. This change would affect five states and a relatively small amount of bonds, as is shown on the attachment. While bond issues may primarily be a tax matter for the federal government, we believe that on a state-by-state basis this is a programmatic issue concerning men and women who have served their nation well. We have already received an indication that the other four affected states are willing to assist in a coordinated effort to remove veterans mortgage bonds from the volume cap. Please let us know if we can assist your office in this effort.

Latest Senate information---
cap stays same - 302.5.
No sunset provision---
Changes daily.

February 14, 1986

Second, we request your assistance in getting the volume floor for states with small populations raised from \$200 million to \$300 million. This change would affect 17 states and amounts to a total possible increase of about \$1.5 billion in bonds. We believe this change would go a long way in minimizing the negative impacts of this tax bill on low-population states. Please note that even with such a modification, a low-population state would have a reduction in its maximum tax-exempt bond ceiling of over 25 percent.

We also ask your help in obtaining a transitional exemption from the bill for the Alaska Industrial Development Authority (AIDA) Red Dog project. AIDA applied last summer for a ruling from the Internal Revenue Service on the project and expects to receive shortly a favorable ruling treating the port portion of the project as qualifying for tax-exempt financing under existing law. The bill would not change the basic rule that ports of this type qualify for tax-exempt financing. The bill does, however, narrow the actual elements of the port that qualify. We would like to be able to carry out this financing under the law as now in effect and as dealt with in the ruling. A draft of language that would grant the exemption is attached for your consideration.

Finally, there is the matter of "sunset" provisions. In this case, the tax bill has one very positive provision in that it eliminates the December 31, 1986, sunset on "small issue" industrial development bonds. This specific provision is particularly helpful to Alaska, and we strongly urge you to see that it is retained. The other sunset date is for qualified mortgage bonds which are now due to sunset on December 31, 1987. This date is not changed by the tax bill. If total bond issuance is going to be as restricted as the tax bill mandates, then at least extension or elimination of this sunset should be granted to provide some relief.

If you would like any additional information, such as the number of homes financed, new investments generated, and so forth, please contact us. Thank you again for your past assistance and future efforts.

Sincerely,

Bill Sheffield
Governor

cc: John W. Katz, Special Counsel
State/Federal Relations

PROPOSED TRANSITIONAL EXEMPTION FROM R.E. 3838

The amendments made by section 701 shall not apply to obligations substantially all of the proceeds of which are to be used to provide financing for a dock and directly related storage facilities which are part of a transportation project to which a State legislature appropriated, effective July 1, 1985, (1) \$12,000,000 in money or marketable securities and (2) notes (or other evidence of debt) representing prior loans from the State or its instrumentalities to persons or businesses in the State with an aggregate unpaid principal balance in excess of \$130,000,000. The aggregate face amount of obligations (exclusive of refunding obligations) to which this paragraph applies shall not exceed \$175,00,000.

ALASKA HOUSING FINANCE CORPORATION

VETERANS BONDS VOLUME CAPS

| State | Volume Cap (millions) |
|--------------|--------------------------|
| Alaska | \$302.5 |
| California | 340.0 |
| Oregon | 584.0 |
| Texas | 250.0 |
| Wisconsin | 99.0 |
| TOTAL | \$1,569.5 |

EFFECT OF \$200 MILLION VERSUS \$300 MILLION VOLUME FLOOR
(amounts in millions of dollars)

| Affected State | Volume Under \$200 Million Floor * | Volume Under \$300 Million Floor |
|-------------------|---------------------------------------|-------------------------------------|
| Alaska | \$ 200 | \$ 300 |
| Delaware | 200 | 300 |
| Dist. of Columbia | 200 | 300 |
| Hawaii | 200 | 300 |
| Idaho | 200 | 300 |
| Maine | 200 | 300 |
| Montana | 200 | 300 |
| Nebraska | 284 | 300 |
| Nevada | 200 | 300 |
| New Hampshire | 200 | 300 |
| New Mexico | 243 | 300 |
| North Dakota | 200 | 300 |
| Rhode Island | 200 | 300 |
| South Dakota | 200 | 300 |
| Utah | 278 | 300 |
| Vermont | 200 | 300 |
| Wyoming | 200 | 300 |
| TOTAL | \$3,608 | \$5,100 |

* Volume cap is the greater of \$175 per capita or the floor amount

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

112 533

AS
1/31

1/30/86

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would place before the voters a bond proposition for the sale of up to \$600,000,000 in state-guaranteed veterans' mortgage bonds. Federal law allows the sale of tax-exempt state-guaranteed mortgage revenue bonds for the purchase of residential mortgages made to qualified veterans. The use of tax-exempt bonds enables the Alaska Housing Finance Corporation to purchase qualified veterans' mortgages at a substantial savings to the state.

Similar bond propositions were presented to the voters in 1982, 1983, and 1984, and on each occasion the propositions were approved by substantial margins.

I recommend your prompt consideration and approval of this bill.

Sincerely,

Bill Sheffield
Bill Sheffield
Governor

Introduced: 1/31/86
Referred: House Special Committee on
State Loans and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2

HOUSE BILL NO. 533

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the issuance of tax-exempt,
7 state-guaranteed revenue bonds by the Alaska Housing
8 Finance Corporation to finance mortgages for qualify-
9 ing veterans under AS 18.56; and providing for an
10 effective date."

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

12 * Section 1. For the purpose of assisting the Alaska Housing Finance
13 Corporation to provide money for the purchase of mortgages made for resi-
14 dences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of
15 the Alaska Housing Finance Corporation are unconditionally guaranteed as to
16 principal and interest by the state in the principal amount of not more
17 than \$600,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general obli-
20 gation of the State of Alaska. A statement of this pledge must be printed
21 on the face of the bonds and must be signed in manual or facsimile form by
22 the governor. The provisions of AS 37.15 do not apply to the bonds. The
23 bonds shall be sold by the Alaska Housing Finance Corporation under AS 18.-
24 56 at public sale in amounts and at times approved by the state bond com-
25 mittee. The guarantee authorized by this section is in addition to the
26 guarantees authorized by sec. 5, ch. 35, SLA 1982; by sec. 1, ch. 81, SLA
27 1983; and by sec. 1, ch. 115, SLA 1984.

28 * Sec. 2. If the question set out in sec. 4 of this Act is approved by
29 the qualified voters of the state who vote on the question, the Alaska

1 Housing Finance Corporation may issue not more than the principal amount of
2 \$600,000,000 of its revenue bonds that are unconditionally guaranteed as to
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4 pended by the Alaska Housing Finance Corporation to provide money for the
5 purchase of mortgages made for residences for qualifying veterans under
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7 to the authorizations to issue bonds that appear in sec. 6, ch. 35, SLA
8 1982; in sec. 2, ch. 81, SLA 1983; and in sec. 2, ch. 115, SLA 1984.

9 * Sec. 3. As used in this Act, a qualifying veteran is a person who is
10 a "qualified veteran" as that term is defined or may be subsequently de-
11 fined under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980).

12 * Sec. 4. The question of the state guaranty of bonds referred to in
13 this Act shall be submitted to the qualified voters of the state at the
14 general election to be held on November 4, 1986, and shall read substan-
15 tially as follows:

16 PROPOSITION

17 State Guaranteed Veterans Residential
18 Mortgage Bonds \$600,000,000

19 Shall the State of Alaska unconditionally guarantee
20 as a general obligation of the state, the payment of
21 principal of and interest on revenue bonds of the
22 Alaska Housing Finance Corporation issued in the
23 principal amount of not more than \$600,000,000 for
24 the purpose of purchasing mortgages made for resi-
25 dences for qualifying veterans, as defined by law?

26 Bonds Yes []

27 Bonds No []

28 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
29 10.070(c).