

HB

219

HOUSE COMMITTEE REPORT

Date referred: 4/17/87

FURTHER REFERRALS:

DATE: 2/24/88

The Finance Committee has considered HB 219

"An Act making an appropriation to the University of Alaska for operation of the Alaska Center for International Business; making a special appropriation to the University of Alaska for payment as a grant to the University of Alaska Foundation for operation of the Alaska Center for International Business; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 219 (Finance) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

ADAMS Al Adams

POURCHOT Pat Pourchot

BOYER Mark Boyer

DAVIS Bob Davis

LARSON Ronald J. Larson

GOLL Pete Goll

SWACK-HAMMER Al Swack-Hammer

KRANK Al Krank

SIGNING OTHER RECOMMENDATIONS:

WALLIS Ray Wallis

RIEGER Steve Rieger

Al Adams
Chairman's signature

Original sponsor: Rules Committee/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 219 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act transferring and appropriating certain loans,
7 assets, and fund equities to the student loan fund;
8 and providing for an effective date."

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

10 * Section 1. All right, title, and interest in scholarship loans made
11 under AS 14.43.090 - 14.43.160, together with assets and fund equities held
12 in the scholarship revolving loan fund (AS 14.43.090) on December 31, 1987,
13 and remaining in the fund on the effective date of this Act, are trans-
14 ferred and appropriated to the student loan fund (AS 14.42.210) of the
15 Alaska Student Loan Corporation.

16 * Sec. 2. All right, title, and interest in scholarship loans made
17 under AS 14.43.600 - 14.43.700, together with assets and fund equities held
18 in the teacher scholarship revolving loan fund (AS 14.43.620) on Decem-
19 ber 31, 1987, and remaining in the fund on the effective date of this Act,
20 are transferred and appropriated to the student loan fund (AS 14.42.210) of
21 the Alaska Student Loan Corporation.

22 * Sec. 3. All right, title, and interest in scholarship loans made
23 under AS 14.43.090 - 14.43.160, together with assets and fund equities
24 held in the scholarship revolving loan fund (AS 14.43.090) on the effective
25 date of this Act are transferred and appropriated to the student loan fund
26 (AS 14.42.210) of the Alaska Student Loan Corporation.

27 * Sec. 4. All right, title, and interest in scholarship loans made
28 under AS 14.43.600 - 14.43.700, together with assets and fund equities
29 held in the teacher scholarship revolving loan fund (AS 14.43.620) on the

1 effective date of this Act are transferred and appropriated to the student
2 loan fund (AS 14.42.210) of the Alaska Student Loan Corporation.

3 * Sec. 5. The appropriations made by this Act are for capitalization of
4 a loan fund and do not lapse under AS 37.25.010.

5 * Sec. 6. Sections 1 - 2 of this Act are retroactive to December 31,
6 1987.

7 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE,
VICE CHAIR

HOUSE ETHICS COMMITTEE, CHAIR

LEGISLATIVE BUDGET & AUDIT
COMMITTEE



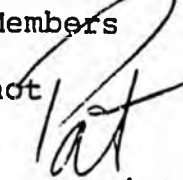
House of Representatives

ANCHORAGE
P O BOX 10483E
ANCHORAGE AK 9951C
(W) (907) 561-7623
(H) (907) 338-2425

JUNEAU
P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

M E M O R A N D U M

TO: House Finance Committee Members

FROM: Representative Pat Pourchot 

RE: CSHB 219 (Fin)
An Act transferring and appropriating certain
loans, assets, and fund equities to the student
loan fund

DATE: February 19, 1988

Please find attached a copy of the draft committee substitute and pertinent back-up materials for the above-referenced bill. The committee substitute will be before the House Finance Committee on Wednesday, February 24.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

M E M O R A N D U M

TO: The Honorable Pat Pourchot
Alaska State Representative

FROM: Kerry D. Romesburg, Executive Director
Alaska Commission on Postsecondary Education

DATE: February 16, 1988

The Alaska Student Loan Corporation and the Alaska Commission on Postsecondary Education request the Legislature appropriate the existing scholarship loan fund (AS 14.43.090) and teacher scholarship loan fund (AS 14.43.210) to the newly established student loan fund (AS 14.42.210).

Why? In order to issue bonds for student loans, we need to have an asset base against which the bond collateral is pledged. Without the income stream from the existing portfolio of loans, we cannot issue bonds.

What Happens Without Appropriations? If the portfolio is not transferred--by appropriation. We issue no bonds. If bonds are not issued this Spring, the Legislature does not get back the \$41.0 million from the FY88 student loan appropriation, and we would need an additional \$35.0 million in General Fund for the FY89 student loan program. In other words, not bonding due to lack of portfolio would "cost" about \$76.0 in General Fund if we are to have a student loan program in FY89.

Timeliness of Action. The schedule is to issue bonds the week of May 3, 1988. To do this, we must have a firm bonding proposal to rating agencies the first week of April. This means the question on the status of the portfolio must be settled by mid-March. Any delay in appropriation, delays the bond sale and creates uncertainty as to the awarding of FY89 student loans. (We already have nearly 3,000 FY89 applications in house).

Action Requested. The Corporation and the Commission request the appropriation of these loan accounts as soon as possible. We need to have official audit statements issued and we need to have the official statement for bond issuance prepared. To do these, we must have a firm (without uncertainty) asset base.

WOHLFORTH, FLINT & GRUENING

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

900 WEST 8TH AVENUE, SUITE 800

ANCHORAGE, ALASKA 99501

PETER ARGETSINGER
JULIUS J. BRECHT
CHARLES G. EVANS
ROBERT S. FLINT
CLARK S. GRUENING*
ROBERT M. JOHNSON
ROBERT S. SPITZPAGEN*
KENNETH E. VASSAR
ERIC E. WOHLFORTH

JANICE COLEMAN GRAHAM**
STEPHEN E. GREER
THOMAS F. KLINNER
ROGER A. LUBOVICH
BRADLEY E. MEYER
DANIEL PATRICK O'TIERNEY
PATRICK RUMLEY
JAMES A. SARAFIN
JAMES R. SZENDER

*JUNEAU OFFICE
**ADMITTED IN NEW YORK ONLY

TELEPHONE
(907) 278-8401

TELECOPY
(907) 278-8093

JUNEAU OFFICE
217 SECOND STREET
JUNEAU, ALASKA 99801
TELEPHONE (907) 888-8110

OF COUNSEL
ROGER G. CONNOR
RICHARD W. GARNETT, III

February 12, 1988

Representative Pat Pourchot
P. O. Box V
Juneau, Alaska 99811

Dear Representative Pourchot:

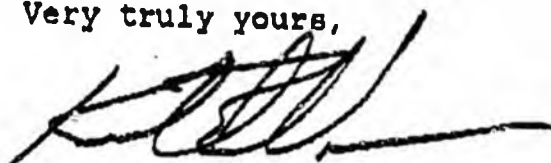
Dr. Kerry Romesburg has asked that we prepare this letter to you explaining why we are seeking an appropriation of the assets in the scholarship revolving loan fund (AS 14.43.090) to the student loan fund (AS 14.42.210). In its passage of SCS CSHB 39(Fin) (which became Chapter 92 SLA 1987), the Legislature included, as substantive law, a grant of power to the Alaska Commission on Postsecondary Education to sell or assign these assets to the Alaska Student Loan Corporation (see AS 14.43.090(d) as enacted in Section 4, Chapter 92 SLA 1987).

After the creation of the Alaska Student Loan Corporation and the creation of a financing team to serve that corporation, a review of the substantive law provision as to sale or assignment of the assets referred to above led to some concern with respect to the constitutional requirements that (i) state moneys be withdrawn from the state treasury only pursuant to an appropriation, and (ii) appropriations bills remain separate from substantive law bills.

We believe that the substantive law provisions contained in Chapter 92 SLA 1987 are probably sufficient of themselves and comply with state constitutional requirements. However, much careful consideration by the various members of the financial team make it clear that a reasonable argument can be made that an appropriation of these assets is required under our constitution. The availability of these assets free of any doubt as to the validity of their transfer to the Student Loan Corporation is fundamental to the successful conclusion of the corporation's proposed bond issuance. Therefore, any reasonable doubt in this area is likely to make such bond issuance impossible.

Obviously, passage of the proposed appropriation at the earliest time possible is important to permit the proposed bond issuance to proceed in a timely fashion. We appreciate your consideration of this request, and I am very happy to talk with you or your staff at any time if there are any further questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'K. E. Vasaar', with a long horizontal flourish extending to the right.

Kenneth E. Vasaar

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE,
VICE CHAIR

HOUSE ETHICS COMMITTEE, CHAIR

LEGISLATIVE BUDGET & AUDIT
COMMITTEE



ANCHORAGE
P.O. BOX 104836
ANCHORAGE AK 99510
(W) (907) 561-7623
(H) (907) 338-2425

JUNEAU
P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

House of Representatives

CS HB 219 (FIN), AN ACT TRANSFERRING AND APPROPRIATING CERTAIN LOANS, ASSETS, AND FUND EQUITIES TO THE STUDENT LOAN FUND

Appropriates all right, title and interest in student loans and teacher scholarship loans, together with assets and equities in the loan fund, to the Alaska Student Loan Corporation.

Rationale

- June 1987 Chapter 92, SLA 87 (HB 39) signed by Governor. Established Alaska Student Loan Corporation and authorized the corporation to issue bonds, the proceeds of which would be used to make student loans. In addition, authorized the Postsecondary Education Commission to transfer assets in the scholarship revolving loan fund to the Corporation to serve as coverage for the bonds.
- Chapter 93, SLA 87 (HB 298) signed by Governor. Appropriated \$56.7 million from the general fund to the Student Loan Corporation to be awarded as loans. Once bonds have been issued, appropriates \$41 million back to the general fund.
- Dec. 1987 Financing team selected by Student Loan Corporation.
- Jan. 1988 Financing team expressed concern that the provision in HB 39 authorizing transfer of assets to the Corporation may conflict with Alaska's Constitutional requirement that state funds be transferred only by appropriation and that appropriation bills be separate from substantive law bills.
- April 1988 Bonds are to be issued. Any doubt regarding the transfer of assets to the Corporation is likely to make bond issuance impossible. If bonds aren't issued, \$41 million will not be returned to the general fund in FY 88, and an additional \$35 million in general funds will

Introduced: 3/27/87
Referred: Labor & Commerce
Health, Education & Social
Services and Finance

wol42hb

Funding Information
General Fund \$5,400,000
Other Funds -0-
\$5,400,000

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 219

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation to the University of
7 Alaska for operation of the Alaska Center for
8 International Business; making a special
9 appropriation to the University of Alaska for payment
10 as a grant to the University of Alaska Foundation for
11 operation of the Alaska Center for International
12 Business; and providing for an effective date."

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

14 * Section 1. The sum of \$400,000 is appropriated from the general fund
15 to the University of Alaska for operation of the Alaska Center for Interna-
16 tional Business for fiscal year 1988.

17 * Sec. 2. (a) The sum of \$5,000,000 is appropriated from the general
18 fund to the University of Alaska for payment as a grant to the University
19 of Alaska Foundation for operations of the Alaska Center for International
20 Business for fiscal years after fiscal year 1988.

21 (b) It is the intent of the legislature that the grant made by (a) of
22 this section to the University of Alaska Foundation, and all income
23 from the grant, be used to fund operations of the Alaska Center for
24 International Business.

25 * Sec. 3. This Act takes effect July 1, 1987.