

HB

369.5

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 5/7/88

4/14/88
Mr. President:

FINANCE Committee considered HB 369 (title am)
extending eligibility for certain interest rates to certain members of
the national guard or a reserve unit of the U.S. armed forces; and granting
certain persons who have served in the armed forces of the U.S. an
employment preference in the state service
and recommended

[] replace with _____ CS _____) [x] same title
[x] or adopt 5 CS CS HB 369 (SA)) [] new title

[] attached amendment(s) and

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)
[] new [] updated or [x] previous
[x] zero [] fiscal impact

<sup>3 AMFC
203 MA</sup>
~~MEMBERS SIGNING DO PASS~~

OTHER RECOMMENDATIONS

[Handwritten signatures: Paul G. Griffin, J. Edgar Hoover, W. Henry]

Rick Halford do pass
Chairman signature and recommendation

[] Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act Relating to Veterans

Agency Affected: Revenue
BRU: Alaska Housing Finance Corporation

Sponsor: Rules Committee/Governor
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Please see Bill Analysis as previously prepared.

Prepared By: Dr. Ronald Lehr Phone: (907) 276-5559
Division: Alaska Housing Finance Corporation Date: February 6, 1988

Approved by Commissioner: Hugh Malone Date: February 8, 1988
Agency: Department of Revenue

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

FEB 11 1988

(Same fiscal note for original bill)

It is difficult to determine how much this measure would cost AHFC since it is difficult to estimate how many former and current Public Health Service (PHS) employees will take advantage of this program. Currently there are 250 PHS commissioned officers working in Anchorage. (Statewide figures were not immediately available.) If all took advantage of the program and qualified, at an average loan amount of \$110,000, a 1 percent subsidy would cost AHFC \$1.5 million.

If the bill was amended to extend the 1 percent preference interest rate to all active military with at least five years of service, again AHFC finds it difficult to determine just how much it would cost. However, the following is an estimate.

As of September 1986, there were 25,906 active military personnel -including Navy, Army, Air Force, Marines and Coast Guard - serving in Alaska. If one-third of those personnel, applied for, were qualified and received the subsidy, based on an average loan of \$116,000, the 1 percent subsidy would cost AHFC \$64 million.

It should be noted that the Fiscal Note columns all show zeros. The impact of this proposal would be on AHFC's Revolving Loan Fund.

Additional background and historical information is contained in the attached letter to the bill's sponsor, Representative Barnes.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act Relating to
Veterans
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Administration
BRU: Personnel
Components: Personnel

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Publicizing of any changes created by this legislation and revision of application form in order to note changes can be accomplished within existing operating budget.

Prepared by: Diana DeSimone
Division: Personnel

Phone: 465-4430
Date: 12/18/87

Approved by Commissioner: John Andrews
Agency: Department of Administration

Date: 1/15/88

Distribution (by preparer):

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

(Same fiscal note for original bill)

FISCAL NOTE

REQUEST:

Revision Date: January 19, 1988
Title: An Act relating to veterans
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Military & Veterans Affairs
BRU: Veterans Services
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Passage of this bill will have no fiscal impact. The bill amends the definition of veteran for the purposes of: 1) granting employment preference rights for applicants for positions in the classified service of the State of Alaska; and 2) clarifying in statute that active numbers of the National Guard qualify to receive AHFC veterans interest rates.

Prepared by: Jeff Morrison *J Morrison* Phone: 465-4600
Division: Administrative & Support Services, DMVA Date: 1/19/88

Approved by Commissioner: MG John Schaeffer *by Morrison* Date: 1/19/88
Agency: Department of Military & Veterans Affairs

Distribution (by preparer):

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

(Same fiscal note for original bill)

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 SENATE CS FOR HOUSE BILL NO. 369 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending eligibility for certain interest
7 rates to certain members of the national guard or a
8 reserve unit of the United States armed forces; and
9 granting certain persons who have served in the armed
10 forces of the United States an employment preference
11 in the state service."

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

13 * Section 1. AS 18.56.101 is amended to read:

14 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The
15 following persons are eligible veterans for the purposes of AS 18.56.-
16 098(g) and (h):

17 (1) a person who served in the armed forces of the United
18 States for 90 days or more, or whose service was for less than 90 days
19 because of injury or disability incurred in the line of duty, after
20 April 6, 1917, whose discharge was under honorable conditions;

21 (2) the widow or widower of a member of the armed forces or
22 an eligible veteran if the member or veteran served in the armed
23 forces for at least 90 days after April 6, 1917, and the veteran's
24 discharge was under honorable conditions;

25 (3) a person who has served for not less than five years in
26 the Alaska Army National Guard, or the Alaska Air National Guard, or a
27 reserve unit of the United States armed forces if the reserve unit
28 required, as a minimum, one weekend each month of duty and 15 consecu-
29 tive days of active duty training each year and

- 1 (A) whose discharge was under honorable conditions; or
2 (B) who is currently in an active status in the guard
3 or a reserve unit.

4 * Sec. 2. AS 39.25.150(19) is amended to read:

5 (19) the granting of employment preference rights to a vet-
6 eran not within the area of promotion, when the veteran possesses the
7 necessary qualifications in the job classification applied for under
8 this chapter; in an examination to determine the qualification of
9 applicants for entrance into the classified service under merit system
10 examination, five additional points shall be added to the passing
11 grade of a veteran and 10 additional points shall be added to the
12 passing grade of a disabled veteran, but the additional points may be
13 used only the first time the veteran obtains a position in the classi-
14 fied service; if a position in the classified service is eliminated,
15 employees shall be released in accordance with rules which give due
16 effect to all factors; if all job qualifications are equal, the veter-
17 an shall be given preference over the nonveteran and the veteran shall
18 be kept on the job; this paragraph may not be interpreted to amend the
19 terms of a collective bargaining agreement; in this paragraph

20 (A) "veteran" means a person with 181 days or more
21 active service in the armed forces of the United States who has
22 been honorably discharged after having served during any period

23 (i) between April 6, 1917, and December 1, 1919,
24 between September 16, 1940, and December 31, 1947, or be-
25 tween June 27, 1950, and October 14, 1976; or

26 (ii) in which the person was awarded a campaign
27 badge or expedition medal, or the Purple Heart or other
28 award or decoration for heroism or gallantry in action;

29 (B) "disabled veteran" means a veteran who is entitled

1 to compensation under laws administered by the United States Vet-
2 erans' Administration, or a person who was honorably discharged
3 or released from active duty because of a service-connected dis-
4 ability;

STATE OF ALASKA

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

STEVE COWPER, GOVERNOR

COMMUNICATIONS SECTION
STATE OF ALASKA
MILITARY AND VETERANS AFFAIRS
P.O. BOX 10000, JUNEAU, AK 99801
PHONE: 907-586-3111
FACSIMILE: 907-586-3111

15 April 1988

Senator Rick Halford
Co-Chairman, Senate Finance Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Halford:

This letter is to request you schedule two bills currently in the Senate Finance Committee for a hearing. The two bills are HB369 and HB416, both of which are sponsored by Governor Cowper.

HB369 accomplishes two desirable objectives: 1) it ratifies in the law the existing practice of AHFC concerning eligibility of active National Guard members to receive AHFC veterans' interest rates, and; 2) it extends the veterans preference for state employment to former armed service members who served in peacetime but were exposed to the dangers or combat or armed hostilities. This bill was passed without opposition in the House, and has received a favorable recommendation from the Senate State Affairs committee. It has a zero fiscal note.

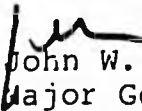
HB416 adds two payout options to the recipients of National Guard Retirement System benefits. The bill file contains a detailed explanation of the purpose of the legislation, in a letter to the Chairman of the House State Affairs Committee, dated March 1, 1988. This bill was also passed without opposition in the House and has received a favorable recommendation from the Senate State Affairs Committee. It has a zero fiscal note and an immediate effective date.

Our department's legislative liaison in Juneau is Jeff Morrison, Director, Administrative and Support Services. He will testify on both bills on behalf of the department and is available to meet with the committee at your convenience.

Page 2

We appreciate the Finance Committee's consideration of these bills and look forward to having them on your hearing schedule in the near future.

Sincerely,


John W. Schaeffer
Major General
Alaska National Guard
The Adjutant General

What's Available To The Veteran



There are three basic options available to the veteran through AHFC:

1. An AHFC Loan combined with a Federal Veterans Administration Loan;
2. The Veterans Mortgage Program; and
3. The State Veterans Interest Rate Preference.

1. AHFC/Federal VA

Benefit:

The major benefit of combining an AHFC loan with a Federal VA guaranteed loan is the lower down payment.

Maximum Loan Amount: \$135,000

Minimum Down Payment:

Up to \$110,000	Zero down
\$110,000-\$135,000	25% on the amount over \$110,000

*Qualification:

Eligibility for the Veteran benefit is determined by the Federal Veterans Administration. This program may be combined with AHFC's Regular Program, the Veterans Mortgage Program, Tax-Exempt Program, HOF Program and Mobile Home Program.

2. Veteran's Mortgage Program (VMP)

Benefit:

A lower interest rate than under AHFC's other programs, on the entire loan amount.

Maximum Loan Amount:

Single Family	
Residence	\$199,850
Duplex	\$255,850
Triplex	\$308,900
Four-plex	\$384,000

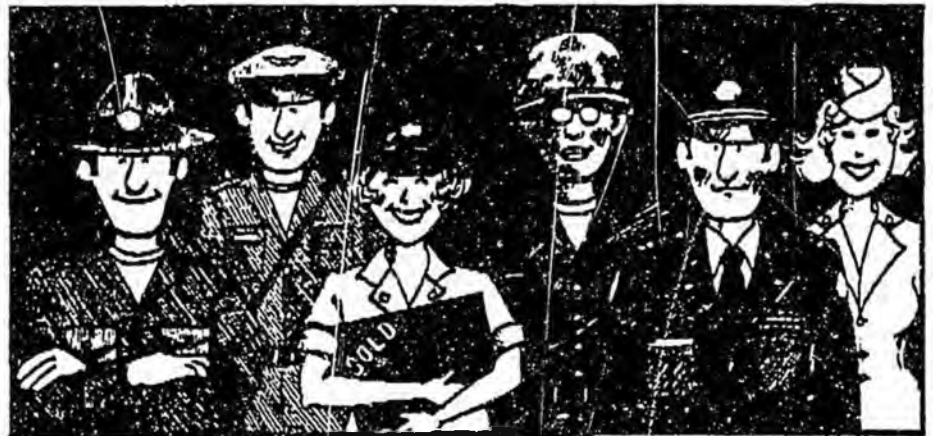
If the residence is a multi-family dwelling (duplex - four-plex) then all units must have been occupied as such for at least 5 years.

Minimum Down:

Single-Family and Duplex	
Triplex and Four-plex	

*Qualification:

Federal restrictions require that in-



dividuals applying under this program be "qualified veterans" as defined under Title 38, United States Code 101(2) and have been on active duty prior to January 1, 1977, and cannot have been out of the service for more than 30 years.

Documentation that is accepted by AHFC as evidence of meeting the code is the Veterans Certificate of Eligibility, or a letter from the Federal Veterans Administration and a DD-214, or, for Commissioned Officers, a letter from Personnel stating the entry date of service. Basically, an individual must have served in the Armed Forces and have been discharged other than dishonorably. In addition, active military who have completed their initial period of duty may qualify. The code also includes certain individuals in the Public Health Service but severely limits National Guard and Reservist. You may combine this program with Number 1 to receive the benefit of both the lower interest rate and the down payment.

3. State Veterans Interest Rate Preference

Benefit:

The State Veteran receives a 1 percent lower interest rate on the first \$90,000 of the loan. The important thing to remember is that this is not a program but an interest rate differential that must be applied to a program. It may be applied to all of the programs offered by AHFC but it may not be combined with Number 2, the Veterans Mortgage Program.

*Qualification:

Determination for the State Veterans Interest Rate preference is made by AHFC. To qualify for the lower rate, the borrower may not currently be on active duty. An individual must have served in the Armed Forces for 90 days or more (unless discharged due to a service connected injury) and have been discharged other than dishonorably. Active duty for the purpose of training will not be counted toward the 90 day requirement. Members of



Official Business

Alaska State Legislature

House of Representatives

REPRESENTATIVE
RAMONA L. BARNES
DISTRICT 14

HB 369 5
ANCHORAGE
2230 PAXSON
ANCHORAGE, ALASKA 99504
(907) 337-7904
BOX V
JUNEAU, ALASKA 99811
(907) 485-3438

THE INTENT OF HB 269

The intent of HB 269 is to allow Public Health Service Officers to become eligible as veterans for the purpose of the Alaska Housing Finance Corp. State Veterans Interest Rate Preference program.

Public Health Service Officers are eligible for federal VA housing loans, and Alaska's Veteran Mortgage Program (VMP). They are eligible for most VA benefits under federal law, therefore, to exclude these "Veterans" from this interest preference program offered by the state is inconsistent with other aspects of veterans benefits.

The AHFC/ Fed VA program can be combined with the State Veterans Interest Rate Preference program to produce an extremely attractive interest rate for those purchasing or refinancing a home. Under the current statute (AS.56.101), Public Health Service Officers are not eligible for this combination. It is the intent of this bill to add these "Veterans" to this statute.

The foreclosure rate of AHFC has increased significantly over the past year. It is the intent of this legislation that this group of veterans should be eligible for the benefit this preference provides. In Alaska's current poor economy, anything that will help people keep their homes or buy a home helps our state.

Public Health Service Officers currently number 250 in the Anchorage area. The number living outside of this area is not available at this time. It is difficult to say how many people will make use of this program, therefore, the cost is not known. (See fiscal note and letter).

Favorable consideration of this bill would be appreciated by its sponsors.

Thank you for your time.

HB 369
3

Alaska HOUSING  FINANCE CORPORATION

May 13, 1987

The Honorable Ramona Barnes
Representative, State of Alaska
Post Office Box V
Juneau, Alaska 99811
ATTENTION: PATTY SWENSON

SUBJECT: PROPOSED LEGISLATION HB 269

Dear Representative Barnes:

You have asked AHFC to provide information regarding the possible fiscal impact to the Corporation should HB 269 be enacted.

As HB 269 was introduced and currently reads, AHFC's State Veterans Interest Rate Preference would be expanded to include Public Health Service commissioned officers. All PHS officers regardless of the amount of time they served, would be eligible under this proposal.

It is difficult to determine how much this would cost AHFC since we have no historical data which tells us how many PHS borrowers we have. However, according to the Anchorage PHS office, there are currently 250 PHS commissioned officers living in Anchorage.

The number of PHS officers located in Alaska, outside of Anchorage, was not immediately available. However most PHS employees working in rural areas live in federal government-provided housing.

AHFC estimates that on an average loan of \$110,000, a one-percent interest rate subsidy costs AHFC approximately \$6,000. Therefore, if 250 PHS officers were qualified to buy homes and sought financing through AHFC, the one-percent subsidy would cost approximately \$1.5 million.

Also, AHFC has no way of predicting how much it would cost AHFC if HB 269 should be amended to allow active military with at least 5 years of service to participate in the State Veterans Interest Program. However, from 1982 to present, AHFC has loaned to 3,605 active duty military borrowers. About half, or 1,874, have loans made under the federal Veteran's Mortgage Program (tax-exempt).

If we assume that the remaining borrowers would have been eligible for the State Veterans Interest Rate, which would have cost AHFC \$12 million.

ALASKA MORTGAGE BANKERS ASSOCIATION

P.O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

*Mortgage
FYI
A*

February 24, 1988

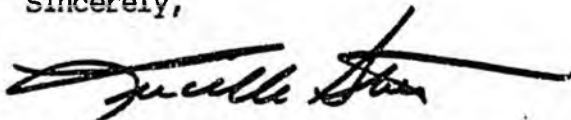
Representative Al Adams, Chairman
House Finance Committee
Alaska State Legislature
Pouch V-(MS3100)
Juneau, AK 99811

Re: House Bill 369

Dear Representative Adams:

The Alaska Mortgage Bankers Association supports passage of House Bill 369; we are, however, opposed to any amendments which would increase costs to the State by expanding the definition of veteran to include non-veterans such as Public Health Service personnel.

Sincerely,



Lucille Stietz
Chairman, Legislative Affairs Committee

STATE OF ALASKA

HB 369

STEVE COWPER, GOVERNOR

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

FRONTIER BUILDING
SUITE 620
3601 C STREET
ANCHORAGE, ALASKA 99503-5989
PHONE: (907) 243-0656
AUTOVON: 626-1444

Administrative & Support
Services Division

P.O. Box L
Juneau, AK 99811

February 18, 1988

Representative Pat Furchot
P.O. Box V
Juneau, AK 99811

Dear Representative Furchot,

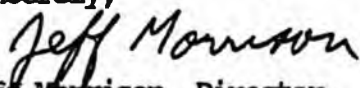
At the House Finance Committee hearing on HB369 held on February 17, you raised an issue concerning the qualifications for recipients of the Purple Heart Award.

The Purple Heart is currently awarded for "wounds or death as a result of an act of any opposing armed force," according to the latest information we have. The example you cited in the committee hearing seems unusual, and the standards may have changed since then.

I checked with the bill drafter in the Department of Law concerning the insertion of a comma after "Purple Heart," and she said that either way the intent would remain the same. If the committee desires to make this change, we would have no objection to it.

Please contact me if you have any additional questions about this bill. Thank you for your interest.

Sincerely,



Jeff Morrison, Director
Division of Administrative
and Support Services

cc: Representative Kay Wallis

PUBLIC HEALTH AND WELFARE

de Cong. Service, p. 1211. See, also, Act 28, 1948, 1948 U.S. Code Cong. Service, 103; Act Oct. 12, 1949, 1949 U.S. Code Cong. Service, p. 2089; Act Apr. 27, 1956, U.S. Code Cong. and Adm. News, p. 4613; Act Aug. 10, 1956, 1956 U.S. Code Cong. and Adm. News, p. 4613; Pub. L. 85, 1960 U.S. Code Cong. and Adm. News, p. 1834; Pub. L. 91-253, 1970 U.S. Code Cong. and Adm. News, p. 3041; Pub. L. 96, 1979 U.S. Code Cong. and Adm. News, p. 254; Pub. L. 96-342, 1980 U.S. Code Cong. and Adm. News, p. 2612; Pub. L. 97-25, 1981 U.S. Code Cong. and Adm. News, p. 74; Pub. L. 97-35, 1981 U.S. Code Cong. and Adm. News, p. 396.

es

to government agencies, see section 801 and Services.

to be retired under subsec. (a) of this section.

es

United States § 44.

is

measurable periods

plaintiff was entitled to include the period by him as Assistant to the Surgeon General as well as the three years and two years served as Deputy Surgeon General in the four years required by former section (b)(2) of this section. Draper v. U. S., 121 Ct.Cl. 625.

amount of recovery allowed

a plaintiff sued for the difference between retirement pay he received for the term Sept. 1, 1947, to Oct. 1, 1949, and the rank of brigadier general and the amount pay he should have received for that period based on the rank of major general. Plaintiff was entitled to recover. U. S., 1952, 121 Ct.Cl. 625.

§ 7(b), Dec. 29, 1973, 87

Section X, § 1012, by Pub. L. 89-239, § 3, 1965, 79 Stat. 931, renumbered § 1112 by Pub. L. 91-572, § 6(b), 1970, 84 Stat. 1506, renumbered Title 38, § 1212, by Pub. L. 92-294, § 3(b), 1972, 86 Stat. 137, renumbered Title 38, § 112, by Pub. L. 93-154, § 2(b)(2).

HB 369

CH. 6A PUBLIC HEALTH SERVICE

42 § 213

Nov. 16, 1973, 87 Stat. 604, provided for the retirement of certain officers of the Reserve Corps of the Public Health Service for disability.

§ 212b. Repealed. Apr. 27, 1956, c. 211, § 5(d), 70 Stat. 117

Historical Note

Section, Act July 31, 1953, c. 296, Title II, § 201, 67 Stat. 254, authorized the recall of retired officers of the Service, and is now covered by section 212(c) of this title.

§ 213. Military benefits

Rights, privileges, immunities, and benefits accorded to commissioned officers or their survivors

(a) Except as provided in subsection (b) of this section, commissioned officers of the Service and their surviving beneficiaries shall, with respect to active service performed by such officers—

(1) in time of war;

(2) on detail for duty with the Army, Navy, Air Force, Marine Corps, or Coast Guard; or

(3) while the Service is part of the military forces of the United States pursuant to Executive order of the President;

be entitled to all rights, privileges, immunities, and benefits now or hereafter provided under any law of the United States in the case of commissioned officers of the Army or their surviving beneficiaries on account of active military service, except retired pay and uniform allowances.

Award of decorations

(b) The President may prescribe the conditions under which commissioned officers of the Service may be awarded military ribbons, medals, and decorations.

Authority of Surgeon General

(c) The authority vested by law in the Department of the Army, the Secretary of the Army, or other officers of the Department of the Army with respect to rights, privileges, immunities, and benefits referred to in subsection (a) of this section shall be exercised, with respect to commissioned officers of the Service, by the Surgeon General.



Active service deemed active military service with respect to laws administered by Veterans' Administration

(d) Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 417 of this title.

HB 3

SUPPLEMENT

§ 18.56.098

HEALTH AND SAFETY

§ 18.56.098

pregnancy, parenthood, race, religion, color, national origin, or status as a student;

(6) a first mortgage loan if the borrower has an outstanding first mortgage housing loan under this chapter or an outstanding first mortgage loan for owner-occupied housing under AS 44.47; or

(7) a loan to a person who has a past due child support obligation established by court order or by the child support enforcement division under AS 47.23.160 — 47.23.220 at the time of application.

(b) The loan-to-value limitation established in (a)(4) of this section does not apply to a mortgage loan that is federally insured or guaranteed. The loan-to-value limitations established in (a)(1) and (4) of this section do not apply to a mortgage loan that is a refinancing mortgage loan under AS 18.56.102. (§ 27 ch 106 SLA 1980; am § 3 ch 115 SLA 1981; am § 18 ch 113 SLA 1982; am §§ 4-6 ch 112 SLA 1983; am § 4 ch 128 SLA 1984; am § 5 ch 116 SLA 1986; am § 2 ch 41 SLA 1987)

Effect of amendments. — The 1987 amendment, effective June 9, 1987, in subsection (b) substituted "mortgage" for "qualified" in the first sentence and added the second sentence.

Sec. 18.56.098. Special mortgage loan purchase program. (a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase first or second mortgage loans. A first or second mortgage loan purchased under this subsection must be made for the purchase, improvement, or rehabilitation of a residence or must be a refinancing loan. First or second mortgage loans purchased under this subsection may include graduated payment mortgage loans and adjustable rate mortgage loans.

(b) The corporation shall adopt regulations under AS 18.56.088 to establish minimum construction standards that a residence must meet before the corporation may purchase a mortgage loan on the residence under (a) of this section. The minimum construction standards shall include standard deviations from the minimum construction standards to allow the corporation to purchase loans on residences that do not meet the minimum construction standards but that are certified by an engineer to be within the standard deviations. The standard deviations shall include, but are not limited to, provisions relating to water holding tanks, on-site water and sewer systems, and foundations.

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond antic-

ipation notes issued by the corporation for the special mortgage loan purchase program and may expend amounts appropriated to the special mortgage loan purchase program for mortgage loan subsidies or other purposes of the program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

(d) *[Repealed, § 51 ch 115 SLA 1981.]*

(e) The corporation shall adopt regulations under AS 18.56.088 to implement the special mortgage loan purchase program. The regulations shall include provisions allowing, prohibiting, or restricting the right to assume or the right to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. A provision in a mortgage loan purchased by the corporation after June 30, 1981, that prohibits or restricts the right to assume or the right to provide for the payment of mortgage loans is enforceable. The corporation shall enforce the regulations adopted under this subsection.

(f) In this section and in AS 18.56.099

(1) "graduated payment mortgage loan" means a mortgage loan the terms of which provide for monthly principal and interest payments that

(A) during the first year of the mortgage loan are lower than the monthly principal and interest payments that would be required under the terms of a level payment mortgage loan made at the same interest rate; and

(B) during subsequent years of the mortgage loan are graduated to provide for the same return over the term of the loan that would have been provided by a level payment mortgage loan made at the same interest rate;

(2) "mortgage loan" includes a beneficial interest or participation in a mortgage loan;

(3) *[Repealed, § 51 ch 115 SLA 1981.]*

(4) "residence" means an owner-occupied, single-family residence, including a mobile home, or an owner-occupied duplex, triplex or fourplex.

(g) The corporation shall establish the interest rate on a first mortgage loan purchased under (a) of this section in accordance with the following:

(1) The interest rate on the first \$90,000 of a mortgage loan purchased with the proceeds of an issue of taxable bonds of the corporation is three percent less than the cost of funds of that issue, except that

(A) if the cost of funds of that issue is less than 10 percent, the interest rate is equal to the cost of funds; and

(B) if the cost of funds of that issue is more than 10 percent, the interest rate may not be less than 10 percent.

(2) An interest rate determined under this subsection on the first \$90,000 of a mortgage loan that is not purchased from the proceeds of bonds that are qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended, shall be reduced by one percentage point if the loan is made to an eligible veteran under AS 18.56.101.

(3) The interest rate for the amount of a mortgage loan purchased under (a) of this section that exceeds \$90,000 is equal to the cost of funds to the corporation attributable to that part of the loan.

(4) The interest rate on the first \$90,000 of a mortgage loan purchased with money that is not the proceeds of either taxable or tax-exempt bonds is the rate the corporation determines is appropriate by application of the provision of (1) of this subsection.

(5) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation other than bonds that constitute qualified veterans' bonds under (i) of this section, is equal to the interest rate determined under (1) and (2) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds sold by the corporation. A higher or lower interest rate shall be established on the entire loan amount if required to ensure the tax-exempt status of the bonds.

(6) The corporation shall determine the interest rate on a mortgage loan that is an adjustable rate mortgage loan as provided in the is subsection. The corporation shall recalculate the interest rate from time to time based on changes in the cost to the corporation of the funds used to purchase the adjustable rate mortgage loan. However, the corporation may establish a minimum interest rate applicable to an adjustable rate mortgage loan, and the interest rate on the adjustable rate mortgage loan may not be less than the minimum interest rate so established regardless of the cost of funds to the corporation.

(7) In this subsection

(A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) issued to finance the purchase of first mortgage loans.

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by

the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section.

(i) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that constitute qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) as amended, is the greater of (1) four percent less than the cost of funds or (2) the rate for other loans to veterans under AS 18.56.098(g)(3). A higher or lower interest rate shall be established on the entire loan amount if required under 26 U.S.C. 103A.

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state, each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for qualifying veterans. In this subsection a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may subsequently be defined under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended.

(k) The interest rate limitations of AS 45.45.010 do not apply to loans purchased under this section or to loans that the corporation has, in any manner, committed itself to purchase. (§ 27 ch 106 SLA 1980; am §§ 4 — 7, 51 ch 115 SLA 1981; am § 1 ch 35 SLA 1982; am §§ 19 — 24 ch 113 SLA 1982; am §§ 7, 8, 27 ch 102 SLA 1983; am § 5 ch 128 SLA 1984; am §§ 1, 2 ch 9 SLA 1986; am §§ 3, 4 ch 41 SLA 1987)

Effect of amendments. — The 1987 amendment, effective June 9, 1987, re-wrote subsection (a) and added subsection (g)(6).

Sec. 18.56.102. Simplified refinancing mortgage loan purchase program. [Repealed effective December 10, 1988]. (a) The corporation shall establish a simplified refinancing mortgage loan purchase program. Under the simplified refinancing mortgage loan purchase program, the corporation may purchase refinancing mortgage loans to provide relief to borrowers under circumstances described by regulations adopted by the corporation.

(b) AS 18.56.098(c), (e), and (k) apply to refinancing mortgage loans purchased under (a) of this section.

(c) Subject to (d) of this section, the interest rate on a refinancing mortgage loan purchased under (a) of this section is three percent less than the cost to the corporation of the money used to purchase the refinancing mortgage loan, except that if the cost of money

(1) is 10 percent or less, the interest rate is equal to the cost of money; and

(7) a loan to a person who has a past due child support obligation established by court order or by the child support enforcement division under AS 47.23.160 — 47.23.220 at the time of application.

(b) The loan-to-value limitation established in (a)(4) of this section does not apply to a qualified loan that is federally insured or guaranteed. (§ 27 ch 106 SLA 1980; am § 3 ch 115 SLA 1981; am § 18 ch 113 SLA 1982; am §§ 4-6 ch 112 SLA 1983; am § 4 ch 128 SLA 1984; am § 5 ch 116 SLA 1986)

Effect of amendments. — The 1982 amendment added paragraph (3).

The 1983 amendment inserted "for a duplex, triplex, or four-plex" and "for similar housing" in paragraph (1), deleted "or" from the end of paragraph 1, inserted "for a duplex, triplex, or four-plex" in paragraph (2), and added paragraphs (4) and (5).

The 1984 amendment designated the previously undesignated introductory language as subsection (a), added subsection (b), and, in subsection (a), added paragraph (6) and made a series of internal reference and technical changes in paragraphs (2), (4), and (5).

The 1986 amendment added paragraph (7) of subsection (a).

Sec. 18.56.097. Collateral for loans. Under procedures established by regulations of the corporation adopted in accordance with AS 18.56.088 a person may pledge as security for the repayment of a loan made, purchased or insured by the corporation under this chapter a preference right the person holds to receive title to land the person occupies as a primary place of residence, primary place of business, subsistence campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to the person by the Native corporation to which the land was granted under section 14 of the Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. secs. 1601 — 1626, as amended by P.L. 94-204) before it may be pledged as security under this section. The Department of Community and Regional Affairs shall prescribe procedures and standard forms for establishing and appraising the value of a preference right held by a person to secure the repayment of a loan made, purchased or insured by the corporation under this chapter. (§ 27 ch 106 SLA 1980)

Sec. 18.56.098. Special mortgage loan purchase program. (a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase refinancing loans or first or second mortgage loans, including graduated payment mortgage loans, made for the purchase, improvement, or rehabilitation of residences.

(b) The corporation shall adopt regulations under AS 18.56.088 to establish minimum construction standards that a residence must meet before the corporation may purchase a mortgage loan on the residence under (a) of this section. The minimum construction standards shall include standard deviations from the minimum construc-

tion standards to allow the corporation to purchase loans on residences that do not meet the minimum construction standards but that are certified by an engineer to be within the standard deviations. The standard deviations shall include, but are not limited to, provisions relating to water holding tanks, on-site water and sewer systems, and foundations.

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond anticipation notes issued by the corporation for the special mortgage loan purchase program and may expend amounts appropriated to the special mortgage loan purchase program for mortgage loan subsidies or other purposes of the program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

(d) *[Repealed, § 51 ch 115 SLA 1981.]*

(e) The corporation shall establish regulations in accordance with AS 18.56.088 to implement the special mortgage loan purchase program. The regulations shall include provisions allowing, prohibiting, or restricting the right to assume or the right to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. A provision in a mortgage loan purchased by the corporation after June 30, 1981, that prohibits or restricts the right to assume or the right to provide for the payment of mortgage loans is enforceable. The corporation shall enforce the regulations adopted under this subsection.

(f) In this section and in AS 18.56.099,

(1) "graduated payment mortgage loan" means a mortgage loan the terms of which provide for monthly principal and interest payments that

(A) during the first year of the mortgage loan are lower than the monthly principal and interest payments that would be required under the terms of a level payment mortgage loan made at the same interest rate; and

(B) during subsequent years of the mortgage loan are graduated to provide for the same return over the term of the loan that would have been provided by a level payment mortgage loan made at the same interest rate;

(2) "mortgage loan" includes a beneficial interest or participation in a mortgage loan;

~~(3) "refinancing loan" means a loan refinancing one of the following loans through another mortgage loan the amount of which may not~~

exceed the unpaid balance of the loan being refinanced plus closing costs:

(A) a first or second mortgage loan purchased under (a) of this section;

(B) a loan for which the interest rate is established under AS 44.47.410(a); or

(C) a loan for which the interest rate is established under AS 44.47.410(b) other than a nonconforming housing loan or a nonowner occupied housing loan;

(4) "residence" means an owner-occupied, single-family residence, including a mobile home, or an owner-occupied duplex, triplex or fourplex.

(g) The corporation shall establish the interest rate on a first mortgage loan purchased under (a) of this section in accordance with the following:

(1) The interest rate on the first \$90,000 of a mortgage loan purchased with the proceeds of an issue of taxable bonds of the corporation is three percent less than the cost of funds of that issue, except that

(A) if the cost of funds of that issue is less than 10 percent, the interest rate is equal to the cost of funds; and

(B) if the cost of funds of that issue is more than 10 percent, the interest rate may not be less than 10 percent.

(2) An interest rate determined under this subsection on the first \$90,000 of a mortgage loan that is not purchased from the proceeds of bonds that are qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended, shall be reduced by one percentage point if the loan is made to an eligible veteran under AS 18.56.101.

(3) The interest rate for the amount of a mortgage loan purchased under (a) of this section that exceeds \$90,000 is equal to the cost of funds to the corporation attributable to that part of the loan.

(4) The interest rate on the first \$90,000 of a mortgage loan purchased with money that is not the proceeds of either taxable or tax-exempt bonds is the rate the corporation determines is appropriate by application of the provision of (1) of this subsection.

(5) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation other than bonds that constitute qualified veterans' bonds under (i) of this section, is equal to the interest rate determined under (1) and (2) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds sold by the corporation. A higher or lower interest rate shall be established on the entire loan amount if required to ensure the tax-exempt status of the bonds.

(6) In this subsection

(A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) issued to finance the purchase of first mortgage loans.

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section.

(i) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that constitute qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) as amended, is the greater of (1) four percent less than the cost of funds or (2) the rate for other loans to veterans under AS 18.56.098(g)(3). A higher or lower interest rate shall be established on the entire loan amount if required under 26 U.S.C. 103A.

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state, each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for qualifying veterans. In this subsection a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may subsequently be defined under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended.

(k) The interest rate limitations of AS 45.45.010 do not apply to loans purchased under this section or to loans that the corporation has, in any manner, committed itself to purchase. (§ 27 ch 106 SLA 1980; am §§ 4 — 7, 51 ch 115 SLA 1981; am § 1 ch 35 SLA 1982; am §§ 19 — 24 ch 113 SLA 1982; am §§ 7, 8, 27 ch 102 SLA 1983; am § 5 ch 128 SLA 1984; am §§ 1, 2 ch 9 SLA 1986)

Cross references. — For interest rate applicable to certain newly constructed owner-occupied triplexes and fourplexes completed between June 25, 1982 and October 1, 1984, see § 68, ch. 113, SLA 1982.

Effect of amendments. — The first 1982 amendment, in subsection (h), in-

serted "in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by the corporation and was purchased under the special mortgage loan purchase program."

The second 1982 amendment added "triplex or fourplex" to the end of paragraph

(4) of subsection (f), added former subparagraph (2)(E) to subsection (g), and added subsection (k). The amendment also inserted the language beginning "that is not purchased from the proceeds of bonds" and ending "as amended" in present paragraph (2) of subsection (g), inserted "as amended, other than bonds that constitute qualified veterans' bonds under (i) of this section" in paragraph (5) of subsection (g), and added subsections (i) and (j).

The 1983 amendment, in paragraph (g)(1), substituted "an issue" for "the first issue," "three percent less than" for "10 percent or," and the language beginning "of that issue, except that" for "whichever is less"; in paragraph (g)(4), substituted the language beginning "the first \$90,000" and ending "either taxable or tax-exempt bonds" for "a mortgage loan purchased from money appropriated to the corporation" and "(1) of this subsection" for "(1)-(4) of this subsection," and deleted the former second sentence; and repealed paragraph (g)(2).

The 1984 amendment, in subsection (g), redesignated former paragraphs (3)-(7) as present paragraphs (2)-(6) and, in paragraph (5), deleted "under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as amended" following "taxation" in the first sentence and substituted "equal to the interest rate determined under (1) and (2) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds, sold by the corporation" for "10 percent or the cost of the funds, whichever is less" in the first sentence and "to ensure the tax-exempt status of the bonds" for "under the Mortgage Subsidy Bond Tax Act" in the second sentence.

The 1986 amendment in the second sentence of subsection (a) inserted "refinancing loans or" and in subsection (f) added paragraph (3).

Sec. 18.56.099. Powers of corporation to deal in mortgage loans. The corporation may purchase, sell, hold, or otherwise deal in mortgage loans. In connection with the purchase or sale of a beneficial interest or participation in a mortgage loan, the corporation may enter into a trust agreement providing for the custody, control, and administration of the mortgage loan. The trust agreement may provide that the corporation or a bank or trust company shall act as trustor or trustee under the trust and that title to the mortgage loans subject to the trust shall be considered to have passed as provided in the trust agreement. To the extent provided in the trust agreement, the effect of a sale of a beneficial interest or participation in a mortgage loan is the same as the sale of the mortgage loan subject to the trust. (§ 27 ch 106 SLA 1980)

Cross references. — For certain definitions applicable to this section, see AS 18.56.098(f).

Sec. 18.56.100. Housing development fund. (a) There is created a housing development fund to be administered by the corporation as a trust fund separate and distinct from any other money or funds administered by the corporation.

(b) Consistent with AS 18.56.090, the corporation may make temporary and permanent loans from the housing development fund, at an interest rate or rates determined by the corporation, and with the security for repayment that is necessary and practicable, to purchase,

make, or participate in the making of mortgage loans that are not federally insured or guaranteed for residential housing, if the corporation determines that the loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

(d) The corporation may receive and accept from any source whatever any grants or contributions for the housing development fund.

(e) *[Repealed, § 72 ch 113 SLA 1982.]*

(f) *[Repealed, § 72 ch 113 SLA 1982.]*

(g) *[Repealed, § 72 ch 113 SLA 1982.]*

(h) *[Repealed, § 72 ch 113 SLA 1982.]*

(i) *[Repealed, § 72 ch 113 SLA 1982.]*

(j) *[Repealed, § 72 ch 113 SLA 1982.]*

(k) *[Repealed, § 72 ch 113 SLA 1982.]* (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972; am § 28 ch 106 SLA 1980; am §§ 25 — 27, 72 ch 113 SLA 1982)

Effect of amendments. — The 1982 amendment in subsection (a), substituted "housing development fund" for "special revolving loan fund to be known as the 'housing development fund'"; in subsection (b), deleted the paragraph designations, deleted the provisions of former paragraphs (1) and (2), which read, respectively, "defray development costs of sponsors, builders, and developers of residential housing" and "provide to persons of lower and moderate income who are applying for mortgages, the amounts required to make down payments and pay closing costs and to housing owners the amounts applied for partial rental payments and mortgage interest payments

under AS 18.56.090(4); or", and substituted "loans which are not federally insured or guaranteed for" for "and construction loans which are not federally insured or guaranteed to sponsors, builders, purchasers and developers of land development or"; and in subsection (c), deleted "and the proceeds of sale of fund notes" following "to the fund" in paragraph (1). The amendment also repealed subsections (e)-(k).

Editor's notes. — Section 74, ch. 113, SLA 1982, provides: "The repeal of AS 18.56.100(e)-(k) in sec. 72 of this Act does not invalidate housing development fund notes issued under AS 18.56.100(e)-(k) before June 25, 1982."

Sec. 18.56.101. Eligibility for veterans' interest rates. The following persons are eligible veterans for the purposes of AS 18.56.098(g) and (h):

(1) a person who served in the armed forces of the United States for 90 days or more, or whose service was for less than 90 days because of injury or disability incurred in the line of duty, after April 6, 1917, whose discharge was under honorable conditions;

(2) the widow or widower of a member of the armed forces or an eligible veteran if the member or veteran served in the armed forces

for at least 90 days after April 6, 1917 and the veteran's discharge was under honorable conditions;

(3) a person who has served for not less than five years in the Alaska Army National Guard, or the Alaska Air National Guard, or a reserve unit of the United States armed forces if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year and whose discharge was under honorable conditions. (§ 29 ch 106 SLA 1980; am § 8 ch 115 SLA 1981; am § 9 ch 102 SLA 1983; am § 12 ch 67 SLA 1983)

Effect of amendments. — The first 1983 amendment rewrote this section.

The second 1983 amendment made the same changes as the first 1983 amend-

ment and also deleted "the Alaska Naval Militia" following "Alaska Air National Guard" in paragraph (3).

Sec. 18.56.103. Federal taxation of interest on bonds and bond anticipation notes. If the interest on bonds or bond anticipation notes of the corporation issued after June 1, 1980, becomes taxable under the income tax laws of the United States, the legislature may appropriate an amount sufficient to pay the outstanding principal and interest on the bonds or bond anticipation notes. Nothing in this section creates a debt or liability of the State of Alaska. (§ 29 ch 106 SLA 1980)

Sec. 18.56.104. Allocation of tax-exempt bonds. (a) Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the state under sec. 103A(g)(4) of that Act is allocated solely to the corporation. A municipality may not issue mortgage revenue bonds under sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 unless permitted to do so by the corporation. The amount of mortgage revenue bonds issued by a municipality under sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 with the permission of the corporation shall be deducted from the total amount permitted by that Act.

(b) The provisions of this section apply to home rule municipalities. (§ 9 ch 115 SLA 1981)

Sec. 18.56.105. Allocation of lending activities. The corporation shall designate regions within the state which in the aggregate, encompass the entire state. In participating in the making or purchasing of loans under AS 18.56.090(2) and (3) or under AS 18.56.100, the corporation shall make its money available through the private financial institutions in the state within each region designated by the corporation under this section. The corporation shall allocate its

Op. No. 705 (File Nos. 1255, 1256), 486 P.2d 906 (1971).

Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

Cited in *State v. Bogenrife*, Sup. Ct.

Sec. 39.25.150. Scope of the rules. The personnel rules shall provide for

(1) the preparation, maintenance, and revision by the director of personnel, subject to approval of the commissioner of administration and the personnel board, of a position classification plan for all positions in the classified and partially exempt services; the position classification plan shall include

(A) a grouping together of all positions into classes on the basis of duties and responsibilities;

(B) an appropriate title, a description of the duties and responsibilities, training and experience qualifications, and other necessary specifications for each class of positions;

(2) the preparation, maintenance, revision and administration by the director of personnel of a pay plan for all positions in the classified and partially exempt services; the pay plan (A) shall be based upon the position classification plan; (B) shall provide for fair and reasonable compensation for services rendered, and reflect the principle of like pay for like work; (C) may be amended, approved, or disapproved by the legislature in regular or special session; after the pay plan is in effect, a salary or wage payment may not be made to a state employee covered by the plan unless the payment is in accordance with this chapter and the rules adopted under this chapter or unless the payment is in accordance with a valid agreement entered into in accordance with AS 23.40;

(3) the use of employee selection methods, including open competitive examinations, when appropriate, that will fairly test the capacity and fitness of the person examined to discharge the duties of the class in which employment is sought;

(4) the establishment and maintenance of eligible lists for appointment and promotion providing the names of eligible candidates in order of their relative performance in the examinations;

(5) the procedure for certifying eligible candidates; the rule adopted under this paragraph may include procedures providing a preference for certifying local residents when appropriate;

(6) promotions from within the state service when there are qualified candidates in the state service; vacancies shall be filled by promotion whenever practicable and in the best interest of the state service and promotion shall be by competitive examination whenever possible; in considering promotions, the applicants' qualifications, performance records, seniority, and conduct shall be evaluated;

(7) a period of probation not to exceed one year before an appointment to a position becomes permanent, except that a permanent em-

ployee receiving a promotional appointment retains permanent status in the service and job class from which appointed for the duration of the probationary period and may be demoted to a former class without right of appeal, notwithstanding AS 39.25.170, but if the employee is dismissed from the service the appeal rights under AS 39.25.170 apply;

(8) nonpermanent and emergency appointments to positions in the state service in accordance with AS 39.25.195 — 39.25.200;

(9) provisional appointment without competitive examination when appropriate eligible lists are not available;

(10) transfers from one department to another and from another merit system jurisdiction to the state service;

(11) transfers from one area of the state to another;

(12) the reinstatement of a person who resigns in good standing;

(13) layoffs for reason of lack of money or work, abolition of positions, or material changes in duties or organization; both performance and seniority records shall be considered in the development of layoff orders;

(14) the development, maintenance, and use of employee performance records;

(15) the establishment of disciplinary measures which may include disciplinary suspension without pay;

(16) the procedures for review of disputed personnel actions, for resolving employee and interagency grievances, and for resolving grievances of the general public concerning the operation of the state personnel system;

(17) hours of work for all employees in the state service;

(18) methods and procedures covering overtime work and pay;

(19) the granting of employment preference rights to a veteran not within the area of promotion, when the veteran possesses the necessary qualifications in the job classification applied for under this chapter; in an examination to determine the qualification of applicants for entrance into the classified service under merit system examination, five additional points shall be added to the passing grade of a veteran and ten additional points shall be added to the passing grade of a disabled veteran, but the additional points may be used only the first time the veteran obtains a position in the classified service; if a position in the classified service is eliminated, employees shall be released in accordance with rules which give due effect to all factors; if all job qualifications are equal, the veteran shall be given preference over the nonveteran and the veteran shall be kept on the job; this paragraph may not be interpreted to amend the terms of a collective bargaining agreement; in this paragraph

(A) "veteran" means a person with 181 days or more active service in the armed forces of the United States who has been honorably discharged after having served during any period between April 6,

1917, and December 1, 1919, between September 16, 1940, and December 31, 1947, or between June 27, 1950, and October 14, 1976;

(B) "disabled veteran" means a veteran who is entitled to compensation under laws administered by the United States Veterans' Administration, or a person who was honorably discharged or released from active duty because of a service-connected disability;

(20) the employment of persons in permanent positions on a part-time basis of 15 hours or more a week, including the employment of two persons to fill one permanent full-time position; these employees shall be designated as permanent part-time employees;

(21) the granting of employment preference to severely handicapped persons; this includes the right to provisional appointment without competitive examination for periods up to four months and the granting of eligibility to a severely handicapped person provisionally appointed under the rules who demonstrates ability to perform the job for permanent appointment without competitive examination; provisional employment under this paragraph may not exceed four months during a 12-month period; "severely handicapped" as used in this paragraph means persons certified by the director of the division of vocational rehabilitation to be severely handicapped;

(22) the establishment of programs facilitating the employment of disadvantaged persons;

(23) the delegation, when feasible, of personnel responsibilities and duties to the principal departments of the executive branch;

(24) the establishment of a transition period of up to 12 months for an employee to be reappointed to a classified position if the employee's position is withdrawn from the partially exempt or exempt service and placed in the classified service;

(25) other rules and administrative regulations, not inconsistent with this chapter, that are necessary for its enforcement. (§ 13 ch 144 SLA 1960; am § 1 ch 130 SLA 1961; am § 1 ch 147 SLA 1962; am § 1 ch 117 SLA 1966; am § 1 ch 33 SLA 1967; am § 3 ch 226 SLA 1970; am § 1 ch 39 SLA 1971; am § 3 ch 42 SLA 1971; am § 1 ch 21 SLA 1973; am § 1 ch 27 SLA 1976; am § 1 ch 4 SLA 1978; am § 2 ch 67 SLA 1979; am § 38 ch 94 SLA 1980; am §§ 1, 2 ch 89 SLA 1982; am § 14 ch 112 SLA 1982; am § 1 ch 7 SLA 1987)

Cross references. — For the pay plan prepared under (2) of this section, see AS 39.27.011.

Effect of amendments. — The 1987

amendment substituted "October 14, 1976" for "November 7, 1975" at the end of paragraph (19)(A).

NOTES TO DECISIONS

The scope of rules prepared pursuant to AS 39.25.050 is limited severely in this section, leaving the director of personnel very little discretion and virtu-

ally no policy-making power. *Kelly v. Zamurello*, Sup. Ct. Op. No. 705 (File Nos. 1255, 1256), 486 P.2d 906 (1971).

Chapter attempts to ensure most ef-

efficient expenditure of public funds. — This chapter and the personnel rules attempt to ensure the state and its taxpayers that public funds will be spent in their most efficient manner. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

This section and personnel rule 7 05 prescribe the only manner in which the state may become obligated to pay for overtime performed by a classified service employee. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

A public employee is not entitled to payment for overtime in the absence of a valid contract executed pursuant to statutes or regulations specifically authorizing such compensation in addition to the employee's fixed monthly salary. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

When employee entitled to compensation for overtime. — This chapter and the applicable regulations adopted thereunder do not entitle an employee in the classified service, who is paid a fixed monthly salary, to receive any compensation for overtime, either in the form of cash or compensatory leave time unless: He is a member of the class eligible to receive overtime payment under personnel rule 7 05.2; he has worked hours in excess of his scheduled hours; and his appointing authority has authorized in writing payment for such overtime work. Even if these conditions are satisfied, personnel rule 9 04 stipulates that the employee is entitled to overtime pay only at his hourly rate. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

The establishment of normal working hours and provision for compensatory time off for work beyond those hours do not, of themselves, give the employee a right to payment for overtime. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

Requirement of an express written authorization for payment for overtime cannot be circumvented by the implied contract theory. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

A public employee undertakes to perform the duties of his position, whether these duties, or the hours necessary to perform them, are increased or decreased. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

When a public servant is paid by time, for example by the month, rather than by the quantity of work performed, he is expected to perform his duties without extra compensation for overtime or holiday hours worked. This chapter and the personnel regulations are reflective of this widely accepted policy. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

The regulatory scheme under this section and personnel rule 7 05 centralizes decision-making power with respect to overtime in the appointing authority who presumably has a broad view of the department's needs and is shielded from dangers of favoritism by his distance from the particular employee. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

Right of probationary employee to appeal dismissal. — The intended scope of AS 39.25.170(a) and its relation to paragraph (7) of this section is of sufficient importance to warrant legislative review in order that any potential ambiguity in the Personnel Act, in regard to the question of whether a probationary employee in the classified service has the right to appeal his dismissal to the personnel board, may be obviated. *Mueller v. Alaska State Bd. of Personnel*, Sup. Ct. Op. No. 396 (File No. 738), 425 P.2d 145 (1967), decided prior to the first 1971 amendment to this section.

Any ambiguity in personnel rule in regard to the right to appeal a dismissal to the personnel board should be resolved in favor of an employee who was promoted from a position in which he had (or subsequently attained) permanent status. *Mueller v. Alaska State Bd. of Personnel*, Sup. Ct. Op. No. 396 (File No. 738), 425 P.2d 145 (1967), decided prior to the first 1971 amendment to this section.

Applied in *Kaiser v. Sundberg*, Sup. Ct. Op. No. 3166 (File No. S-834), P.2d (1987).

Collateral references. — Power to suspend or lay off public officers for a temporary period without pay as an economy and not as a disciplinary measure. 11 ALR 432.

Sec. 39.25.153. Departmental personnel officers. (a) If a principal department of the executive branch has a personnel officer, the personnel officer shall be employed by and located within that department.

(b) Subject to the provisions of (d) of this section, the personnel officers for the Departments of Transportation and Public Facilities, Fish and Game, Education, Labor, and Health and Social Services, have the following powers with respect to the classes of positions unique to their departments:

(1) to assign positions to an existing class in the state classification plan and to the salary range for that class as established by the state pay plan or by a valid agreement entered into in accordance with AS 23.40;

(2) to administer and score examinations and to place successful applicants on departmental eligible lists;

(3) to certify those eligible to the appointing authorities.

(c) The initial determination of classes of positions unique to the departments listed in (b) of this section shall be made by the personnel officer of the department in consultation with the commissioner of the department subject to the approval of the director of personnel in the Department of Administration.

(d) The assumption of a power set out in (b) of this section must be approved by the commissioner of administration and must be in harmony with the merit principle of personnel administration (AS 39.25.010). (§ 14 ch 207 SLA 1975; am § 15 ch 112 SLA 1982)

Sec. 39.25.155. Vocational substitution program. (a) It is the purpose of this section to establish a liberal system under which Alaskan residents not employed by the state who do not meet the minimum educational or experience criteria for state employment may demonstrate their abilities and achieve temporary or permanent state employee status. This program is intended for use primarily in remote or underemployed areas where the opportunity to gain required hiring qualifications does not exist, but where there is a local need for employees with certain vocational skills. The provisions of this section apply notwithstanding the provisions of AS 39.25.150(3).

(b) The director of personnel shall establish vocational standards as alternatives for educational or experience levels now required for non-professional occupational areas under the state personnel system and incorporate these alternatives into the state classification plan.

(c) Applicants shall be placed on eligible lists for the vocational classification indicated in their applications submitted to the division

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 369 (title am)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act extending eligibility for certain interest
7 rates to certain members of the national guard or a
8 reserve unit of the United States armed forces; and
9 granting certain persons who have served in the armed
10 forces of the United States an employment preference
11 in the state service."

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

13 * Section 1. AS 18.56.101 is amended to read:

14 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The
15 following persons are eligible veterans for the purposes of AS 18.56.-
16 098(g) and (h):

17 (1) a person who served in the armed forces of the United
18 States for 90 days or more, or whose service was for less than 90 days
19 because of injury or disability incurred in the line of duty, after
20 April 6, 1917, whose discharge was under honorable conditions;

21 (2) the widow or widower of a member of the armed forces or
22 an eligible veteran if the member or veteran served in the armed
23 forces for at least 90 days after April 6, 1917 and the veteran's
24 discharge was under honorable conditions;

25 (3) a person who has served for not less than five years in
26 the Alaska Army National Guard, or the Alaska Air National Guard, or a
27 reserve unit of the United States armed forces if the reserve unit
28 required, as a minimum, one weekend each month of duty and 15 consecu-
29 tive days of active duty training each year and

1 (A) whose discharge was under honorable conditions; or
2 (B) who is currently in an active status in the guard
3 or a reserve unit and whose service is characterized as honor-
4 able.

5 * Sec. 2. AS 39.25.150(19) is amended to read:

6 (19) the granting of employment preference rights to a vet-
7 eran not within the area of promotion, when the veteran possesses the
8 necessary qualifications in the job classification applied for under
9 this chapter; in an examination to determine the qualification of
10 applicants for entrance into the classified service under merit system
11 examination, five additional points shall be added to the passing
12 grade of a veteran and 10 additional points shall be added to the
13 passing grade of a disabled veteran, but the additional points may be
14 used only the first time the veteran obtains a position in the classi-
15 fied service; if a position in the classified service is eliminated,
16 employees shall be released in accordance with rules which give due
17 effect to all factors; if all job qualifications are equal, the veter-
18 an shall be given preference over the nonveteran and the veteran shall
19 be kept on the job; this paragraph may not be interpreted to amend the
20 terms of a collective bargaining agreement; in this paragraph

21 (A) "veteran" means a person with 181 days or more
22 active service in the armed forces of the United States who has
23 been honorably discharged after having served during any period

24 (i) between April 6, 1917, and December 1, 1919,
25 between September 16, 1940, and December 31, 1947, or be-
26 tween June 27, 1950, and October 14, 1976; or

27 (ii) in which the person was awarded a campaign
28 badge or expedition medal, or The Purple Heart or other
29 award or decoration for heroism or gallantry in action;

1 (B) "disabled veteran" means a veteran who is entitled
2 to compensation under laws administered by the United States Vet-
3 erans' Administration, or a person who was honorably discharged
4 or released from active duty because of a service-connected dis-
5 ability;

STEVE COWPER
GOVERNOR



7HB 369

cc

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 18, 1988

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 relating to veterans.

Section 1 of the bill amends AS 18.56.101 to clarify that current members of the Alaska National Guard and of reserve units of the United States armed forces are eligible for the interest rate available to other veterans on Alaska Housing Finance Corporation loans.

Section 2 of the bill amends AS 39.25.150(19) to extend the veterans' preference for state employment and job retention to former armed service members who served during peacetime but who were exposed to the dangers of combat or armed hostilities in areas or conflicts such as Grenada or the Persian Gulf.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name.

Steve Cowper
Governor

SENATE COMMITTEE REPORT

FURTHER

FINANCE

DATE TURNED INTO OFFICE 4-14-88

3/25/88
Mr. President:

State Affairs Committee considered HB 369 (title am)

extending eligibility for certain interest rates to certain members of the national guard or a reserve unit of the U. S. armed forces; and granting certain persons who have served in the armed forces of the U. S. an and recommended employment preference in the state service

majority

replace with SCS HB 369 (SA)) same title
 or adopt CS) new title

attached amendment(s) and

& do pass

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)
 new updated or previous
 zero fiscal impact

4-14-88

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Rich [Signature]
W. Kennedy
Joe Josephson

[Signature]
Chairman signature and recommendation

Committee Backup attached