

HB

281

FISCAL NOTE

No. 1
 Bill Version: HB 281
 (H) Publish Date: 3/24/95

**STATE OF ALASKA
 1995 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: Revenue/AHFC
 Title: An Act to provide for the orderly transfer of BRU: _____
certain assets of AHFC and issuance of bonds Component: _____
 Sponsor: _____
 Requester: _____ COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS - Bond Servicing	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2
MISCELLANEOUS						
TOTAL OPERATING	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
AHFC/Program Receipts	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2
1006 GF/MHTIA						
Other						
TOTAL	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

NOTE: Assumes \$30 million in bonds issued at 5 7/8% with total payments over 10 years of \$39,741,775. Ten percent is to be held in reserve, 2% is to be used to cover bond issuance costs and the remaining \$26.4 million is to be paid to U of A for their use. Funding source will be from program receipts of AHFC.

As regards Section 2 of this bill, AHFC will not recognize investment income on funds transferred to the General Fund. The amount of these lost earnings cannot be quantified until actual amounts transferred are determined.

Prepared by: Betty Martin, Comptroller/Betty Martin
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: _____

Phone: 465-2350
 Date: 3/20/95
 Date: 3/20/95

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(Rev. 10/94) 95hsno ds/DBR

FISCAL NOTE

No. 2
 Bill Version: HB 281
 (H) Publish Date: 3/24/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act to provide for the orderly transfer of BRU: Revenue Operations
certain assets of AHFC Component: Treasury Management
 Sponsor: _____
 Requester: _____ COMPONENT SERIAL NO. 121

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	(see note)	(see note)	(see note)	(see note)	(see note)	(see note)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

NOTE: The transfer of funds from AHFC to the General Fund will result in an increase in annual safekeeping fees in the amount of 1 basis point (or .01%) of the amount transferred.

Prepared by: Betty Martin, Comptroller
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: _____

Phone: 465-2350
 Date: 3/20/95
 Date: 3/20

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ZERO FISCAL NOTE - REVENUE

FISCAL NOTE

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STATE OF ALASKA
1995 LEGISLATIVE SESSION

Bill Version: HB 281
(H) Publish Date: 3/24/95

Revision Date:
Financing U of A Maintenance projects through AIFC

Department Affected: University of Alaska
BRU: All
Component: All

Sponsor:
Requestor:

COMPONENT SERIAL NO.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)	FY96	FY97	FY98	FY99	FY00	FY01
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTLA						
OTHER						
TOTAL FUNDING	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Wendy Matheny, Budget Analyst
 Division: Statewide Budget Office
 Approved by: Marylou Burton, Director
 Agency: Statewide Budget Office

Phone: 463-3086
 Date: 3/14/95
 Date: 3/14/95

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HOUSE COMMITTEE REPORT

(7)

Date Referred: March 24, 1995

FURTHER REFERRALS:

Finance

Date of Committee Action: 5/2/95

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 281

HOUSE BILL NO. 281

AHFC TRANSFERS TO GENERAL FUND; BONDS

"An Act ratifying an agreement between the Alaska Housing Finance Corporation and the commissioner of revenue and making certain pledges to obligees of the corporation regarding that agreement; relating to the authorization for and the issuance of bonds by the Alaska Housing Finance Corporation to pay for the costs of repair and rehabilitation of student housing facilities of the University of Alaska; and providing for an effective date."

recommends it be replaced the same title
 with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____

fiscal note(s) Revenue / 3/24/95

zero fiscal note(s) _____

zero fiscal note(s) University Revenue / 3/24/95

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Wm. Kotely</i>				<input checked="" type="checkbox"/>
<i>Henry Long</i>	<input checked="" type="checkbox"/>			
<i>Carla Becher</i>			<input checked="" type="checkbox"/>	
<i>John Miller</i>	<input checked="" type="checkbox"/>			
<i>Caren Robinson</i>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Tom Bell</i>	<input checked="" type="checkbox"/>			

CHAIR'S SIGNATURE *Carla Becher*

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE BUNDE

TO: HB 281

- 1 Page 1, line 1:
- 2 Delete "ratifying"
- 3 Insert "relating to"

- 4 Page 1, lines 2 and 3:
- 5 Delete "and making certain pledges to obligees of the corporation regarding that
- 6 agreement"

- 7 Page 2, lines 14 - 20:
- 8 Delete all material.

- 9 Renumber the following bill sections accordingly.

- 10 Page 2, line 31, through page 3, line 3:
- 11 Delete all material.

- 12 Renumber the following bill sections accordingly.

- 13 Page 7, line 4:
- 14 Delete "Sections 1, 2, and 4 of this Act take"
- 15 Insert "This Act takes"

- 16 Page 3, lines 5 and 6:
- 17 Delete all material.

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE ROKEBERG

TO: HB 281

1 Page 1, lines 3 through 6:

2 Delete "relating to the authorization for and the issuance of
3 bonds by the Alaska Housing Finance Corporation to pay for
4 the costs of repair and rehabilitation of student housing
5 facilities of the University of Alaska;"

6 Page 2, lines 21 through 30:

7 Delete all material.

8 Renumber following sections accordingly.

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 281
P O Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

March 24, 1995

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill regarding the orderly transfer of certain assets of the Alaska Housing Finance Corporation (AHFC) to the general fund. This process will make available to the state a substantial portion of AHFC's reserves while at the same time providing capital markets with the degree of certainty necessary to assure AHFC continued access to money at reasonable rates in order to meet the housing needs of Alaska's families. Additionally, the bill would authorize AHFC to issue bonds to finance student housing maintenance projects at various University of Alaska (university) campuses.

AHFC is a self-supporting public corporation with a mission to develop and implement innovative programs that meet statewide housing needs. It provides home mortgages to Alaskans at reasonable rates, finances special needs and multi-family housing in partnerships with housing agencies and profit and non-profit organizations, and operates the state's rural housing programs. AHFC also operates the state's public housing programs, which include operating public housing units in 13 communities and providing rental assistance for more than 2,400 families statewide.

AHFC leverages its financial resources by borrowing from a variety of lenders to finance various housing programs. Since its inception, AHFC has issued in excess of \$10 billion in long-term debt to meet the residential financing needs of Alaskans. As of December 31, 1994, AHFC had \$2.3 billion in outstanding long-term debt representing a general obligation of AHFC secured by its full faith and credit above and beyond the pledge of any specific assets.

GOVERNOR'S TRANSMITTAL LETTER

The Honorable Gail Phillips
March 24, 1995
Page 2

AHFC has been able to attract billions in outside capital to meet Alaska's housing needs because the capital markets have relied on its strong financial condition. The importation of outside money to meet Alaska's housing needs is too important to put at risk. Any transfers of corporate assets to the state must take place as part of a comprehensive long-term plan that reassures capital markets of AHFC's continued financial strength. This bill will demonstrate that we are taking a prudent long-term approach to the management of AHFC's resources and will protect AHFC's ability to borrow for essential programs and projects and to address the future housing needs of Alaskans, including the elderly, disadvantaged, and rural residents.

Under the provisions of the bill, AHFC and the commissioner of revenue would enter into an agreement providing for the transfer of a sizeable portion of AHFC's unrestricted reserves to the general fund over the next five fiscal years. This agreement would continue the corporation's policy of providing the people of Alaska with a return on their equity investment in AHFC. Under that policy, adopted in 1991, AHFC will have transferred \$314,324,000 in cash payments to the state by the end of this fiscal year.

The agreement would be signed no later than May 1, 1995 and immediately will be made available to the legislature. It would establish a detailed schedule providing for the transfer of specific amounts to the general fund during each of the next five fiscal years. My state operating budget, which I recently submitted to you, includes an expected first installment under that agreement of \$70 million.

Passage of this bill would ratify the transfer agreement soon to be reached, and would pledge that the state will not transfer assets from AHFC in amounts that exceed those set out in the transfer agreement. This would assure lenders that payments to the state over the next five fiscal years would take place in a prudent and predictable manner.

Maintaining the credit of the AHFC will increase Alaskans' access to the nation's capital markets to help meet certain special and crucial housing needs. As stated above, the purpose of this bill is to provide the kind of long-range financial stability and predictability necessary to protect the credit of the AHFC. There may be other avenues available to establish a suitable long-range plan for managing the assets of the AHFC. I know that the legislature will be particularly sensitive to any provisions which appear to invade the appropriation powers and responsibilities of the legislature. If the approach taken in this bill does not meet with your approval, I am open to any constructive alternatives that will preserve the programs of the AHFC.

The Honorable Gail Phillips


March 24, 1995

Page 3

Finally, the bill is part of my plan to begin addressing the long-deferred maintenance needs of the university. It will provide financing for overdue and much needed repair and rehabilitation of student housing facilities at the university's three main campuses. The bill authorizes AHFC to issue \$30,000,000 in bonds to finance this project. Under AS 18.56, these bonds are general obligations of the corporation.

I urge your early and favorable consideration of this legislation or a suitable alternative.

Sincerely,



Tony Knowles
Governor



Alaska State Legislature

House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

PLEASE PROVIDE
ALL REQUESTED
INFORMATION.

SUBJECT OF MEETING:
HB 281: AHFC Transfers
to general Fund

DATE: MAY 2

PLACE: Capitol Room 106

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
						Y	N	
Don Fausch	AHFC					Y	N	281
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	



Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

PLEASE PROVIDE
ALL REQUESTED
INFORMATION.

DATE: APRIL 27

PLACE: Capitol Room 106

SUBJECT OF MEETING:
HB 281: AHFC Transfers
to General Fund;
Ford

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
						Y	N	
Bill Howe	Dept Revenue	Juneau				Y	N	HB 281 / 281
Wendy Radm	UgA					Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	