

HB

291

<target><bill>HB 291</bill><subject>HB
291</subject><comm>HFIN26</comm></target>

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 291
(H) Publish Date: 1/19/10

Identifier (file name): 0879-OOG-DOE-12-18-09 Dept. Affected: OOG
Title: "An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation..." RDU: Elections
Sponsor: Rules Committee Component: Elections
Requester: Governor Sean Parnell Component Number: 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual		1.5						
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0

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		1.5						
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)
The passage of this legislation would require the bonding proposition to appear on the 2010 general election ballot. The cost of providing information about the bonding proposition in the Official Election Pamphlet, as required by AS 15.58 is \$1.5. Should the addition of this question require printing an 8-1/2 by 18 inch ballot, the cost will increase to \$22.0.

Prepared by: Gail Fenumiai, Director Phone 465-2644
Division: Elections Date/Time 12/18/2009, 1:42pm
Approved by: Linda Perez, Director Date _____
Administrative Services Division

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 291
 (H) Publish Date: 2/23/10

Identifier (file name): HB291-DOR-AHFC-12-17-09 Dept. Affected: Revenue
 Title: AHFC Veterans Housing Loan Bonds RDU: Alaska Housing Finance Corp.
 Sponsor: Rules Committee Component: Operations
 Requester: Governor Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	150.0							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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								
1005 GF/Program Receipts								
1037 GF/Mental Health								
AHFC Receipts	150.0							
TOTAL	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes a statewide public vote on \$600 million in revenue bonds to finance the Veterans Mortgage Program. Alaska is one of five states in the nation that established this program under the federal tax code. AHFC administers the program on behalf of the State.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Anticipated costs related to voter information education and dissemination about the bonds and the program will be approximately \$150,000.

If approved by voters, bond issuances in the future will be done based on loan demand.

Prepared by: Bryan Butcher, Director, Gov't Relations/Public Affairs Phone 330-8445
 Division: Alaska Housing Finance Corporation Date/Time 2/10/09 12:00 AM
 Approved by: _____ Date _____

Federal Definition of "Qualified Veteran" for the Veterans Mortgage Loan Program

Qualified Veterans

A "qualified veteran" must meet the following criteria.

1. The veteran has not been discharged from active duty for more than **25** years prior to the date of submission to AHFC for loan commitment.
2. If retired, discharged, or released from duty, separation must have been under conditions other than dishonorable.
3. If not retired, discharged, or released from active duty, has completed his or her initial period of duty and would have been entitled to a discharge or release under conditions other than dishonorable at the end of his or her initial period of duty.

B. Active Duty

1. Duty in Armed Forces

Full time duty, **other than for training**, in the United States Army, Navy, Marine Corps, Air Force, or Coast Guard or in a reserve component of the United States Army, Navy, Marine Corps, Air Force or Coast Guard.

Note: "Full time" duty for a reservist should not be confused with weekend duty. "Full time" duty means reporting for regular, full time employment that constitutes the individuals "primary" employment. Upon discharge from "full time" duty, the soldier receives a Form DD-214. "Weekend" duty is considered active duty for training and the individual normally has other "primary" employment. Upon discharge from "weekend" duty, which does not meet the eligibility criteria, the soldier is issued a Form NGB-22.

2. Duty in Public Health Service



Full time duty, **other than for training**, as a Commissioned Officer of the Public Health Service, or of the Reserve Corps of the Public Health Service, on or after July 29, 1945, or, if the duty occurred prior to that date, under circumstances affording entitlement to full military benefits. The corporation will seek the assistance of the VA in determining whether an individuals service before July 29, 1945, in the Public Health Service was under circumstances affording entitlement to full military benefits.

3. Duty in National Oceanic and Atmospheric Administration or in Coast and Geodetic Survey

Full time duty as a Commissioned Officer of the National Oceanic and Atmospheric Administration or of the Coast and Geodetic Survey on or after July 29, 1945, or, if the duty occurred prior to that date; the person was on transfer to the United States Army, Navy, Marine Corps, Air Force, or Coast Guard; or if during time of war or national emergency declared by the President, the person was assigned to duty on a project for the US Army, Navy, Marine Corps, Air Force or Coast Guard in an area determined by the Secretary of Defense to be of immediate military hazard; or the person served continuously in the Philippine Islands from December 7, 1941 to July 28, 1945.

4. Duty in United States Military, Air Force, Coast Guard or Naval Academy

Service as a cadet at the US Military, Air Force, or Coast Guard Academy or as a midshipman at the US Naval Academy.



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**ALASKA HOUSING FINANCE CORPORATION
VETERANS MORTGAGE LOAN PROGRAM ACTIVITY
FISCAL YEAR 1994-2010**

Fiscal Year	Number Of Loans	Loan Total
2010	27	\$8,045,305
2009	305	\$86,179,506
2008	495	\$139,253,152
2007	419	\$114,744,164
2006	44	\$11,549,485
2005	57	\$12,260,899
2004	125	\$25,472,549
2003	187	\$38,782,068
2002	315	\$59,339,089
2001	430	\$73,184,764
2000	496	\$85,877,200
1999	540	\$91,249,038
1998	597	\$93,885,910
1997	340	\$52,161,904
1996	246	\$35,650,186
1995	482	\$68,947,388
1994	177	\$24,435,920
Total	4758	\$834,117,886

On January 25, 2010, Standard and Poor's looked at the delinquency rates of the loan portfolios of 34 state Housing Finance Agency bond programs. Of those, the Alaska Housing Finance Corporation's Veterans Mortgage Loan program had the **LOWEST** delinquency rate of any other state program at 1.28 percent.



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House Bill 291 Sectional Analysis

Section 1 -

Section 1 adds the unconditional guarantee of the state of Alaska to bonds issued by the Alaska Housing Finance Corporation for the purchase of mortgage loans made to qualifying veterans. The principal amount of the bonds shall not exceed \$600 million.

Section 2 -

Section 2 gives the Alaska Housing Finance Corporation the authorization to sell bonds guaranteed under Section 1 of the bill, pending the approval of the voters of Alaska.

Section 3 -

Section 3 changes the definition of 'qualifying veteran' in state statute to conform to the federal definition that was changed effective May 30, 2006. The federal definition for eligibility changed from a veteran having served in the military prior to January 1, 1977 and not having been out of the service more than 30 years to the new definition of a veteran not having been out of the military more than 25 years with no specific dates during which he/she must have served.

Section 4 -

Section 4 adds the language that will be included on the general election ballot in 2010.

Section 5 -

Section 5 provides for an immediate effective date.





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HB 291 AHFC Vets Bonds Sponsor Statement

House Bill 291 will place a question on the ballot for the general election of 2010 asking voters to approve an additional \$600 million of state guaranteed bonds to be issued by the Alaska Housing Finance Corporation for the purchase of mortgage loans made to qualifying veterans. The Veterans Mortgage Loan Program allows the Alaska Housing Finance Corporation to sell tax-exempt bonds to fund the program. Because of this, the Veterans Mortgage Loan Program generally offers a lower interest rate than the conventional single family mortgage loan program. As of December 23, 2009, the Veterans program interest rate was 3/8 of a percent below the Corporation's conventional taxable mortgage loan program.

To qualify, veterans must apply to AHFC within 25 years of his/her date of discharge from "active duty service." (Active duty service is full-time duty, other than for training.) Active duty service in the US Armed Forces, US Armed Forces Reserves, Public Health Service, NOAA, or service as a cadet at the US Military, Air Force, Coast Guard or Naval Academy may meet requirements.

Qualified veterans may be retired or active duty personnel. If retired, discharged, or released from active duty, separation must have been under conditions other than dishonorable. Active duty personnel must have completed their initial military obligation.

The last time veterans bonds were on the general election ballot was 2002, when Alaskans approved the bonds by over seventy percent. As a result of recent passed legislation in Congress, Alaska along with the states of California, Oregon, Texas and Wisconsin have been able to offer more loans to veterans through the program than the previous years. Because of this, it is estimated that the Corporation could run out of bond authorization for the veterans loan program some time in 2011. This is the reason for the urgency of getting the issue to the ballot in 2010.



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