

**SB**

**270**

<target><bill>SB 270</bill><subject>SB  
270</subject><comm>HFIN26</comm></target>

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Governor Sean Parnell  
STATE OF ALASKA

February 9, 2010

The Honorable Gary Stevens  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Stevens,

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Housing Finance Corporation.

The bill would permit the Alaska Housing Finance Corporation to modify the transfer plan to accommodate changes in the generally accepted accounting principles.

The primary objective of this change would be to accommodate changes in the generally accepted accounting principles and to enable the transfer plan to continue as intended by the original legislation.

I urge your prompt and favorable action on this bill.

Sincerely,

A handwritten signature in cursive script that reads "Sean Parnell".

Sean Parnell  
Governor

Enclosure

COMMITTEE COPY

SENATE BILL NO. 270



# FISCAL NOTE

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: SB 270  
(S) Publish Date: 2/10/10

Identifier (file name): 0847-DOR-AHFC-12-17-09  
Title: AHFC Transfer  
Sponsor: Rules  
Requester: Request of Governor  
Dept. Affected: Revenue  
RDU: Alaska Housing Finance Corp.  
Component: Operations  
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
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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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								
Other Interagency Receipts								
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

The passage of this bill will not have an impact on AHFC's operating budget.

This bill will amend 18.56.089(d)(1) to change the definition of "adjusted change in net assets" to mean the change in net assets from the base fiscal year, adjusted for capital expenditures incurred during the base fiscal year and adding "**and temporary market value adjustments to assets and liabilities made during the base fiscal year.**"

This will update the statute so that it will reflect changes in federal accounting principles regarding interest rate swaps. This will allow for a more accurate representation of AHFC's net income for the determining of the yearly dividend.

Prepared by: Bryan Butcher, Director, Gov't Relations/Public Affairs  
Division: Alaska Housing Finance Corporation  
Approved by: Ginger Blaisdell, Director  
Administrative Services Division

Phone 330-8445  
Date/Time 12/17/09 12:00 AM  
Date 1/6/10; 11:28am



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## **Senate Bill 270 AHFC Transfer Plan Sponsor Statement**

Senate Bill 270 will modify the Alaska Housing Finance Corporation's transfer plan statutes to reflect federal changes in generally accepted accounting principles.

House Bill 256 passed in 2003 that set in statute a transfer plan for AHFC to pay an annual dividend to the state of Alaska. The yearly dividend would be lesser of \$103 million or 75 percent of the Corporation's net income for the previously completed fiscal year minus bond repayments for state capital projects.

In 2006, Senate Bill 236 passed that made the first adjustments to the transfer plan. This bill changed the definition of "net income" to "adjusted change in net assets", which reflected federal changes to generally accepted accounting principles.

SB 270 will make another modification due to federal changes in generally accepted accounting principles. It will add to the definition of "adjusted change in net assets" to include "temporary market value adjustments to assets and liabilities made during the base fiscal year". This change will allow for a true dollar figure for the Corporation's dividend to be calculated from rather than inaccurately high or low numbers based on how interest rate swaps are now considered.



"HOUSING FOR ALASKANS"





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## **Senate Bill 270 Sectional Analysis**

### **Section 1 -**

Section 1 adds language to the statutory definition of "adjusted change in net assets" to reflect current changes in generally accepted accounting principles related to market value adjustments to assets and liabilities.

### **Section 2 -**

Section 2 provides for an effective date for the bill.



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