

SB

217

MEMORANDUM

received
01/21/10 12:15pm

Date: January 21, 2010
To: Senator Linda Menard, Chair
Senate State Affairs Committee
From: Dan Fauske, Executive Director/CEO
Alaska Housing Finance Corporation
Re: SB 217, AHFC Vets Bond Bill

This is a request for the scheduling of Senate Bill 217, An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date.

SB 223 will put on the general election 2010 ballot a question for voters on whether or not to approve having AHFC issue up to \$600 million in bonds to fund the Alaska Veterans Mortgage Loan Program.

Alaska is one of five states in the country that has a veterans mortgage loan program. This program requires the general obligation of the state of Alaska to back the bonds sold to fund the program. Over the years the vets program has been very successful, having one of the lowest foreclosure rates of any of AHFC's programs.

The last time this question was on the general election ballot was 2002, when over seventy percent of voters approved \$500 million in bonds for the program.

Due to recent positive changes that the five states were able to get through Congress, there are now more veterans eligible for the program than past years. As a result, the Corporation



estimates that we may run out of funds for the program some time in 2011. As a result, a vote will be needed this year to make sure that the program doesn't have to be shut down.

I would appreciate the scheduling of SB 217 in the Senate State Affairs Committee at your earliest possible convenience. If you have any questions or need any further information about the bill, please contact Bryan Butcher in my office at 330-8445.



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Internet Web Site
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SB 217 AHFC Vets Bonds Sponsor Statement

SB 217 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.



"HOUSING FOR ALASKANS"



Senate Bill 217

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.

02/05/10 corrected

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: _____
 () Publish Date: _____

Identifier (file name): 0879-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
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

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

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
 Division Alaska Housing Finance Corporation

Phone 330-8445
 Date/Time 2/4/10 12:00 AM

Approved by: _____

Date _____

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 217
(S) Publish Date: 1/19/10

Identifier (file name): 0879-DOR-AHFC-12-17-09
Title: AHFC Veterans Housing Loan Bonds
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
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	150.0	150.0						
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	150.0	150.0	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)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
AHFC Receipts	150.0	150.0					
TOTAL	150.0	150.0	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 \$800 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 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
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; 1:38pm



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Internet Web Site
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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	54	\$11,728,123
2009	168	\$40,134,867
2008	230	\$51,046,577
2007	270	\$58,411,919
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.



"HOUSING FOR ALASKANS"



Sarah Munson

From: Bryan Butcher [bbutcher@ahfc.state.ak.us]
Sent: Monday, February 01, 2010 1:26 PM
To: Sarah Munson
Subject: SB 217

Testifying in Juneau will be:

Dan Fauske, CEO/Executive Director
Bryan Butcher, Director of Governmental Relations/Public Affairs
Joe Dubler, CFO/Director of Finance

We would like to have our Residential Loan Officer Laurie Holte and our Mortgage Operations Director Paul Kapansky call in if possible.

Thanks,
Bryan

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/19/10

FURTHER: Finance

Date of 5-Day Notice: _____
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 2/4/10

State Affairs Committee considered SENATE BILL NO. 217

SB 217 GUARANTEED REVENUE BONDS FOR VETERANS

"An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
HOUSE BILL:
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

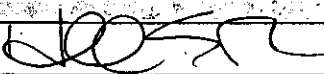
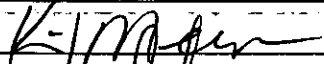
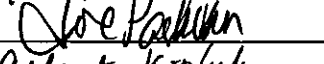
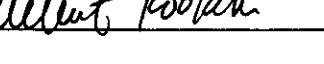

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
1	fiscal info forthcoming				

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
Revenue	12/17/09	X			

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	French	X			
	Meyer	X			
	PASKVAN	X			
	KOOKER	X			
CHAIR: 	MENARD	X			

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/19/10

FURTHER: Finance

Date of 5-Day Notice: 1/28/10
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/4/10

State Affairs Committee considered SENATE BILL NO. 217

SB 217 GUARANTEED REVENUE BONDS FOR VETERANS

"An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

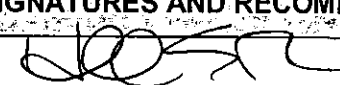
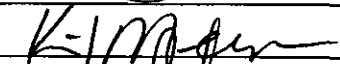

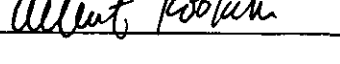

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
1 REV	2/4	✓			2

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	French	X			
	Meyer	X			
	PASKVAN	X			
	Kookesh	X			
CHAIR: 	MENARD	X			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: X ②
 Bill Version: SB 217
 () Publish Date: 2/19/10

Identifier (file name): 0879-DOR-AHFC-12-17-09
 Title: AHFC Veterans Housing Loan Bonds
 Dept. Affected: Revenue
 RDU: Alaska Housing Finance Corp.
 Component: Operations
 Sponsor: Rules Committee
 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)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
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

Estimate of any current year (FY2010) cost: _____

POSITIONS

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
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.
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 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 2/4/10 12:00 AM
 Approved by: _____ Date _____