

LEG. FINANCE - BILLS 1983 - 1984 1872

HB 298 - HB 302

1872

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

Date: 4-24-84

4/19/84

The Committee on FINANCE has had HB 298

"An Act establishing a National Petroleum Reserve; Alaska, special revenue fund; and providing for an effective date."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 298L (subcommittee) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Albert Adams

JPB Stewart

TH. Martin

[Signature]

[Signature]

MILLO H. FRITZ

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] No Rec.

[Signature] No Rec.

[Signature] No Rec.

Albert Adams
CHAIRMAN

Introduced: 3/25/83
Referred: Resources and Finance

1 IN THE HOUSE

BY ADAMS

2

HOUSE BILL NO. 298

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act establishing a National Petroleum Reserve,
7 Alaska, special revenue fund; and providing for an
8 effective date."

9

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

10

* Section 1. FINDINGS. The legislature finds that

11

(1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514),
12 provided that the state shall receive 50 percent of receipts derived from
13 competitive leasing of oil and gas in the National Petroleum Reserve in
14 Alaska;

15

(2) virtually all of the National Petroleum Reserve in Alaska
16 lies within the corporate limits of the North Slope Borough, a home rule
17 political subdivision of the state; and

18

(3) because of the continuing nature of the congressional appro-
19 priation a special revenue fund should be established to comply with the
20 directive of the federal Act.

21

* Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.

22

(a) The National Petroleum Reserve, Alaska, special revenue fund is estab-
23 lished. The fund shall consist of money received by the state from the
24 federal government under 43 U.S.C. 1337 (P.L. 96-514).

25

(b) The commissioner of revenue shall manage the special revenue fund
26 in accordance with AS 37.10.070.

27

(c) The commissioner of revenue shall pay to those subdivisions of
28 the state that are most directly or severely impacted by development of oil
29 and gas leased under the federal Act the amount appropriated by the

1 legislature from the fund for that purpose. It is the intent of the
2 legislature that the amount appropriated for payment to the subdivisions
3 equal 50 percent of the amount received from the federal government under
4 the federal Act, and that this percentage be reviewed by the legislature
5 every five years following the passage of this Act.

6 (d) Amounts received by the state under (a) of this section shall be
7 used by the state, subject to appropriation by law, for the following
8 activities and services:

9 (1) planning;

10 (2) construction, maintenance, and operation of essential public
11 facilities; and

12 (3) other necessary public services.

13 (e) Amounts paid to subdivisions of the state under (c) of this
14 section shall be used by the subdivisions only for the following activities
15 and services in conjunction with development of the National Petroleum
16 Reserve in Alaska and a program of competitive leasing of oil and gas from
17 that reserve:

18 (1) planning;

19 (2) construction, maintenance, and operation of essential public
20 facilities by the subdivisions; and

21 (3) other necessary public services provided by the subdivi-
22 sions.

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: CS HB 298 (Jud)
 Title: National Petroleum Reserve
Special Revenue Fund
 Sponsor: House Finance
 Requestor: House Finance
 Date of Request: April 20, 1984

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected:
Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
 Division: Treasury

Phone: 465-2350
 Date: April 23, 1984

Approved by Commissioner: Milt Barker
 Agency: Revenue

Date: 4-23-84

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST (Finance)
Bill/Resolution No: SCS CS HB 298
Title: National Petroleum Reserve
Special Revenue Fund
Sponsor: Senate Finance
Requestor: Senate Rules
Date of Request: May 16, 1984

FISCAL DETAIL
Agency Affected: Department of Revenue
Program Category Affected:
BRU, Program of Subprogram(s) Affected:
Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: May 16, 1984

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 5/16/84

Distribution (by Agency preparing fiscal note):

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

SCS CS HB 298 (Finance)
Fiscal Note Analysis

The only possible revenues known to the State at this time which would be subject to appropriation under the terms of HB 298 are those from a July 20, 1983 National Petroleum Reserve in Alaska lease sale. Although high bids totaled \$16.7 million, leases will not be awarded until challenges of the sale by the State of Alaska and the City of Barrow/Alaska Legal Services are resolved.

Offered: 5/15/84
Referred: Rules

Original sponsor: Adams

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 298 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
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7 Alaska, special revenue fund; and providing for an
8 effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
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11 (1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514),
12 provided that the state shall receive 50 percent of receipts derived from
13 competitive leasing of oil and gas in the National Petroleum Reserve in
14 Alaska;
15 (2) virtually all of the National Petroleum Reserve in Alaska
16 lies within the corporate limits of the North Slope Borough, a home rule
17 political subdivision of the state; and
18 (3) because of the continuing nature of the congressional appro-
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20 directive of the federal Act.
21 * Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.
22 (a) The National Petroleum Reserve, Alaska, special revenue fund is estab-
23 lished. The fund shall consist of money received by the state from the
24 federal government under 43 U.S.C. 1337 (P.L. 96-514).
25 (b) The commissioner of revenue shall manage the special revenue fund
26 in accordance with AS 37.10.070.
27 (c) The commissioner of revenue shall pay to the subdivisions of the
28 state that are most directly or severely impacted by development of oil and
29 gas leased under 43 U.S.C. 1337 the amount appropriated by the legislature

1 from the fund for that purpose. It is the intent of the legislature that
2 the amount appropriated for payment to subdivisions equal 50 percent of the
3 amount received from the federal government under 43 U.S.C. 1337 and that
4 this percentage be reviewed annually, by the legislature.

5 (d) Amounts received by the state under (a) of this section and not
6 paid under (c) of this section shall be used by the state for the following
7 activities and services:

8 (1) planning;

9 (2) construction, maintenance, and operation of essential public
10 facilities; and

11 (3) other necessary public services.

12 (e) Amounts paid to subdivisions of the state under (c) of this
13 section shall be used by the subdivisions only for the following activities
14 and services in conjunction with development of the National Petroleum
15 Reserve in Alaska and a program of competitive leasing of oil and gas from
16 that reserve:

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18 (2) construction, maintenance, and operation of essential public
19 facilities by the subdivisions; and

20 (3) other necessary public services provided by the subdivi-
21 sions.

22 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).

24

PASSED OUT OF RESOURCES - NOT
applicable to Judiciary, C.S.

LETTER OF INTENT
TO ACCOMPANY
CSHB 298 (Resources)

It is the intent of the Legislature that the Department of Revenue rely on the following analysis of Committee Substitute for House Bill 298 (Resources) and P.L. 96-514, Title 1, Sec. 100 when administering this Act. In particular, it is the intent of the Legislature that the Department determine if a subdivision is "most directly or severely impacted" by oil and gas development in the National Petroleum Reserve - Alaska for purposes of Sec. 2(c) of this Act in a manner consistent with the analysis of such impacted communities provided in this letter of intent.

CSHB 298 (Res) implements the revenue-sharing provisions of P.L. 96-514, Title 1, Sec. 100 (1380) dealing with the Interior Department's oil and gas leasing program in the National Petroleum Reserve - Alaska. This leasing and revenue sharing program was part of the Interior Department Appropriations Act of 1981.

CSHB 298 (Res) establishes a state program which carries out the legislative intent of the federal act, which states as follows:

"That 50 per centum thereof (rentals, bonuses, royalties, etc.) shall be paid by the Secretary of the Treasury ... to the State of Alaska for (a) planning; (b) construction, maintenance, and operation of public facilities; and (c) other necessary provisions of public service.

PROVIDED FURTHER, that in the allocation of such funds, the State shall give priority to use by subdivisions of the state most directly or severely impacted by development of oil and gas leased under this section." 42 U.S.C. Sec. 6508

The purpose of this provision is to provide a source of funds for dealing with impacts related to the NPR-A oil and gas leasing program. The provision states that the funds are to be used for "planning," for "construction," and "operation of public facilities" and for "other necessary" public services. The purpose was also to allocate these funds to communities where the impacts are "most directly or severely" felt. The provision requires the state to give "priority" to subdivisions "most directly or severely impacted" by the NPR-A leasing program in "the allocation of such funds." This will rule out the possibility of a statewide revenue-sharing program or even one designed to ameliorate oil and gas development impacts in general. The purpose is restricted by federal law to communities suffering the effects of the NPR-A leasing program.

The federal provision does not expressly define further than this which communities could qualify for impact funds. Certainly the North Slope Borough would qualify since the program affects the Borough in the most "direct" way possible, being entirely inside of it. This is

consistent with the statutory predecessor to the federal revenue-sharing provision. P.L. 94-258 (1976), which transferred jurisdiction over the NPR-A from the Navy to the Interior Department, authorized the Secretary to assist impacted communities "located on or near the reserve as a direct result of the exploration and study activities, Sec. 107.

The language in the 1980 Act allows the State more leeway in allocating funds to local communities than the 1976 Act; nonetheless, the intention is to abide by the limitation that funds be allocated to communities "most severely or directly impacted." This bill should be implemented with the degree of flexibility necessary to cover such eventualities, but restrained by the purpose of the federal provision.

This approach would also be consistent with similar interpretations of the courts of federal law and federal programs. The U.S. Supreme court recently interpreted the Coastal Zone Management Act's "directly affecting" language in the *SECRETARY OF THE INTERIOR v. CALIFORNIA*. The court found that for an affect to be direct there had to be a significant, physical alteration of an area; in this case, California's coastal zone. When Congress adopted the Coastal Energy Impact Program (16 U.S.C. 1456 (a)) it limited loans and grants to coastal states and local governments actually in the coastal zone. Also, Senator Stevens' OCS revenue-sharing bill, S.800, would qualify only coastal local governments to receive OCS revenue-sharing funds. Thus, in other, similar situations, both Congress and the courts narrowly relate direct affects on a geographic basis, providing a sound, factual underpinning to federal revenue sharing for adverse affects of specific federal programs.

Representative John Ringstad,
Co-chairman, House Resources Committee

EXPLORATION OF NATIONAL PETROLEUM RESERVE IN ALASKA

42 USC 6508.
42 USC 6504.

43 USC 1712,
1752.

42 USC 6502.

43 USC 1337.



Judicial review.
Publication in
Federal
Register.

For necessary expenses of carrying out the provisions of section 104 of Public Law 94-258, and for conducting hereafter and with funds appropriated by this Act and by subsequent appropriation Acts, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska, \$107,001,000, to remain available until expended: *Provided*, That (1) activities undertaken pursuant to this Act shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve); (2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) shall not be applicable to the Reserve; (3) the first lease sale shall be conducted within twenty months of the date of enactment of this Act: *Provided*, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332); (4) the withdrawals established by section 102 of Public Law 94-258 are rescinded for the purposes of the oil and gas leasing program authorized herein; (5) bidding systems used in lease sales shall be based on bidding systems included in section 205(a)(1) (A) through (H) of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 629); (6) lease tracts may encompass identified geological structures; (7) the size of lease tracts may be up to sixty thousand acres, as determined by the Secretary; (8) each lease shall be issued for an initial period of up to ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon; and (9) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this Act shall be paid into the Treasury of the United States: *Provided*, That 50 per centum thereof shall be paid by the Secretary of the Treasury semiannually, as soon as practicable after March 30 and September 30 each year, to the State of Alaska for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act.

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the National Petroleum Reserve in Alaska which do not interfere with operations under any contract maintained or granted previously. Any information acquired in such explorations shall be subject to the conditions of 43 U.S.C. 1352(a)(1)(A).

Any action seeking judicial review of the adequacy of any program or site-specific environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) concerning oil and gas leasing in the National Petroleum Reserve-Alaska shall be barred unless brought in the appropriate District Court within 60 days after notice of the availability of such statement is published in the Federal Register. Any proceeding on such action

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shall be assigned for hearing at the earliest possible date and shall be expedited by such Court.

The detailed environmental studies and assessments that have been conducted on the exploration program and the comprehensive land-use studies carried out in response to sections 105 (b) and (c) of Public Law 94-258 shall be deemed to have fulfilled the requirements of section 102(2)(c) of the National Environmental Policy Act (Public Law 91-190), with regard to the first two oil and gas lease sales in the National Petroleum Reserve-Alaska: *Provided*, That not more than a total of 2,000,000 acres may be leased in these two sales: *Provided further*, That any exploration or production undertaken pursuant to this section shall be in accordance with section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504).

42 USC 6505.

42 USC 4332.

ADMINISTRATIVE PROVISIONS

The amount appropriated for the Geological Survey shall be available for purchase of not to exceed 22 passenger motor vehicles, of which 19 shall be for replacement only; reimbursement to the General Services Administration for security guard services; contracting for the furnishing of topographic maps and for the making of geophysical or other specialized surveys when it is administratively determined that such procedures are in the public interest; construction and maintenance of necessary buildings and appurtenant facilities; acquisition of lands for observation wells; expenses of the U.S. National Committee on Geology; and payment of compensation and expenses of persons on the rolls of the Geological Survey appointed, as authorized by law, to represent the United States in the negotiation and administration of interstate compacts.

BUREAU OF MINES

MINES AND MINERALS

For expenses necessary for conducting inquiries, technological investigations and research concerning the extraction, processing, use and disposal of mineral substances without objectionable social and environmental costs; to foster and encourage private enterprise in the development of mineral resources and the prevention of waste in the mining, minerals, metal and mineral reclamation industries; to inquire into the economic conditions affecting those industries; to promote health and safety in mines and the mineral industry through research; and for other related purposes as authorized by law, \$139,423,000, of which \$107,726,000 shall remain available until expended.

ADMINISTRATIVE PROVISION

The Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, or private: *Provided*, That the Bureau of Mines is authorized during the current fiscal year, to sell directly or through any Government agency, including corporations, any metal or mineral product that may be manufactured in pilot plants operated by the Bureau of Mines, and the proceeds of such sales shall be covered into the Treasury as miscellaneous receipts.

Offered: 3/20/84
Referred: Judiciary and
Finance

Original sponsor: Adams

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 CS FOR HOUSE BILL NO. 298 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act establishing a National Petroleum Reserve,
7 Alaska, special revenue fund; and providing for an
8 effective date."

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

10 * Section 1. FINDINGS. The legislature finds that

11 (1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514),
12 provided that the state shall receive 50 percent of receipts derived from
13 competitive leasing of oil and gas in the National Petroleum Reserve in
14 Alaska;

15 (2) virtually all of the National Petroleum Reserve in Alaska
16 lies within the corporate limits of the North Slope Borough, a home rule
17 political subdivision of the state; and

18 (3) because of the continuing nature of the congressional appro-
19 priation a special revenue fund should be established to comply with the
20 directive of the federal Act.

21 * Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.

22 (a) The National Petroleum Reserve, Alaska, special revenue fund is estab-
23 lished. The fund shall consist of money received by the state from the
24 federal government under 43 U.S.C. 1337 (P.L. 96-514).

25 (b) The commissioner of revenue shall manage the special revenue fund
26 in accordance with AS 37.10.070.

27 (c) The commissioner of revenue shall pay to those subdivisions of
28 the state that are most directly or severely impacted by development of oil
29 and gas leased under 43 U.S.C. 1337 the amount appropriated by the

1 legislature from the fund for that purpose. It is the intent of the legis-
2 lature that the amount appropriated for payment to the subdivisions equal
3 25 percent of the amount received from the federal government under 43
4 U.S.C. 1337 and that this percentage be reviewed by the legislature every
5 five years following the effective date of this Act.

6 (d) Amounts received by the state under (a) of this section shall be
7 used by the state, subject to appropriation by law, for the following
8 activities and services:

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24 10.070(c).

Offered: 4/19/84
Referred: Finance

Original sponsor: Adams

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 CS FOR HOUSE BILL NO. 298 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
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THIRTEENTH LEGISLATURE - FIRST SESSION

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5 every five years following the passage of this Act.

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7 used by the state, subject to appropriation by law, for the following
8 activities and services:

9 (1) planning;

10 (2) construction, maintenance, and operation of essential public
11 facilities; and

12 (3) other necessary public services.

13 (e) Amounts paid to subdivisions of the state under (c) of this
14 section shall be used by the subdivisions only for the following activities
15 and services in conjunction with development of the National Petroleum
16 Reserve in Alaska and a program of competitive leasing of oil and gas from
17 that reserve:

18 (1) planning;

19 (2) construction, maintenance, and operation of essential public
20 facilities by the subdivisions; and

21 (3) other necessary public services provided by the subdivi-
22 sions.

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

1 legislature from the fund for that purpose. It is the intent of the
2 legislature that the amount appropriated for payment to the subdivisions
3 equal 50 percent of the amount received from the federal government under
4 the federal Act, and that this percentage be reviewed by the legislature
5 every five years following the passage of this Act.

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20 facilities by the subdivisions; and

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22 sions.

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

1 IN THE HOUSE

BY ADAMS

2

HOUSE BILL NO. 298

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act establishing a National Petroleum Reserve,
7 Alaska, special revenue fund; and providing for an
8 effective date."

9

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

10

* Section 1. FINDINGS. The legislature finds that

11

(1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514),
12 provided that the state shall receive 50 percent of receipts derived from
13 competitive leasing of oil and gas in the National Petroleum Reserve in
14 Alaska;

15

(2) virtually all of the National Petroleum Reserve in Alaska
16 lies within the corporate limits of the North Slope Borough, a home rule
17 political subdivision of the state; and

18

(3) because of the continuing nature of the congressional appro-
19 priation a special revenue fund should be established to comply with the
20 directive of the federal Act.

21

* Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.

22

(a) The National Petroleum Reserve, Alaska, special revenue fund is estab-
23 lished. The fund shall consist of money received by the state from the
24 federal government under 43 U.S.C. 1337 (P.L. 96-514).

25

(b) The commissioner of revenue shall manage the special revenue fund
26 in accordance with AS 37.10.070.

27

(c) The commissioner of revenue shall pay to those subdivisions of
28 the state that are most directly or severely impacted by development of oil
29 and gas leased under the federal Act the amount appropriated by the

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: CS HB 298 (Jud)
 Title: National Petroleum Reserve
Special Revenue Fund
 Sponsor: House Finance
 Requestor: House Finance
 Date of Request: April 20, 1984

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected:
Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
 Division: Treasury

Phone: 465-2350
 Date: April 23, 1984

Approved by Commissioner: Milt Barker
 Agency: Revenue

Date: 4-23-84

Distribution (by Agency preparing fiscal note):

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

Rec'd 5118

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST (Finance)
Bill/Resolution No: SCS CS HB 298
Title: National Petroleum Reserve
Special Revenue Fund
Sponsor: Senate Finance
Requestor: Senate Rules
Date of Request: May 16, 1984

FISCAL DETAIL
Agency Affected: Department of Revenue
Program Category Affected:
BRU, Program of Subprogram(s) Affected:
Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: May 16, 1984

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 5/16/84

Distribution (by Agency preparing fiscal note):

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

SCS CS HB 298 (Finance)
Fiscal Note Analysis

The only possible revenues known to the State at this time which would be subject to appropriation under the terms of HB 298 are those from a July 20, 1983 National Petroleum Reserve in Alaska lease sale. Although high bids totaled \$16.7 million, leases will not be awarded until challenges of the sale by the State of Alaska and the City of Barrow/Alaska Legal Services are resolved.

1 from the fund for that purpose. It is the intent of the legislature that
2 the amount appropriated for payment to subdivisions equal 50 percent of the
3 amount received from the federal government under 43 U.S.C. 1337 and that
4 this percentage be reviewed annually, by the legislature.

5 (d) Amounts received by the state under (a) of this section and not
6 paid under (c) of this section shall be used by the state for the following
7 activities and services:

8 (1) planning;

9 (2) construction, maintenance, and operation of essential public
10 facilities; and

11 (3) other necessary public services.

12 (e) Amounts paid to subdivisions of the state under (c) of this
13 section shall be used by the subdivisions only for the following activities
14 and services in conjunction with development of the National Petroleum
15 Reserve in Alaska and a program of competitive leasing of oil and gas from
16 that reserve:

17 (1) planning;

18 (2) construction, maintenance, and operation of essential public
19 facilities by the subdivisions; and

20 (3) other necessary public services provided by the subdivi-
21 sions.

22 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).

24

Offered: 5/15/84
Referred: Rules

Original sponsor: Adams

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 298 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act establishing a National Petroleum Reserve,
7 Alaska, special revenue fund; and providing for an
8 effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. FINDINGS. The legislature finds that
11 (1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514),
12 provided that the state shall receive 50 percent of receipts derived from
13 competitive leasing of oil and gas in the National Petroleum Reserve in
14 Alaska;
15 (2) virtually all of the National Petroleum Reserve in Alaska
16 lies within the corporate limits of the North Slope Borough, a home rule
17 political subdivision of the state; and
18 (3) because of the continuing nature of the congressional appro-
19 priation a special revenue fund should be established to comply with the
20 directive of the federal Act.
21 * Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.
22 (a) The National Petroleum Reserve, Alaska, special revenue fund is estab-
23 lished. The fund shall consist of money received by the state from the
24 federal government under 43 U.S.C. 1337 (P.L. 96-514).
25 (b) The commissioner of revenue shall manage the special revenue fund
26 in accordance with AS 37.10.070.
27 (c) The commissioner of revenue shall pay to the subdivisions of the
28 state that are most directly or severely impacted by development of oil and
29 gas leased under 43 U.S.C. 1337 the amount appropriated by the legislature

PASSED OUT OF RESOURCES - NOT
applicable to Judiciary C.S.

LETTER OF INTENT
TO ACCOMPANY
CSHB 298 (Resources)

It is the intent of the Legislature that the Department of Revenue rely on the following analysis of Committee Substitute for House Bill 298 (Resources) and P.L. 96-514, Title 1, Sec. 100 when administering this Act. In particular, it is the intent of the Legislature that the Department determine if a subdivision is "most directly or severely impacted" by oil and gas development in the National Petroleum Reserve - Alaska for purposes of Sec. 2(c) of this Act in a manner consistent with the analysis of such impacted communities provided in this letter of intent.

CSHB 298 (Res) implements the revenue-sharing provisions of P.L. 96-514, Title 1, Sec. 100 (1380) dealing with the Interior Department's oil and gas leasing program in the National Petroleum Reserve - Alaska. This leasing and revenue sharing program was part of the Interior Department Appropriations Act of 1981.

CSHB 298 (Res) establishes a state program which carries out the legislative intent of the federal act, which states as follows:

"That 50 per centum thereof (rentals, bonuses, royalties, etc.) shall be paid by the Secretary of the Treasury ... to the State of Alaska for (a) planning; (b) construction, maintenance, and operation of public facilities; and (c) other necessary provisions of public service.

PROVIDED FURTHER, that in the allocation of such funds, the State shall give priority to use by subdivisions of the state most directly or severely impacted by development of oil and gas leased under this section." 42 U.S.C. Sec. 6508

The purpose of this provision is to provide a source of funds for dealing with impacts related to the NPR-A oil and gas leasing program. The provision states that the funds are to be used for "planning," for "construction," and "operation of public facilities" and for "other necessary" public services. The purpose was also to allocate these funds to communities where the impacts are "most directly or severely" felt. The provision requires the state to give "priority" to subdivisions "most directly or severely impacted" by the NPR-A leasing program in "the allocation of such funds." This will rule out the possibility of a statewide revenue-sharing program or even one designed to ameliorate oil and gas development impacts in general. The purpose is restricted by federal law to communities suffering the effects of the NPR-A leasing program.

The federal provision does not expressly define further than this which communities could qualify for impact funds. Certainly the North Slope Borough would qualify since the program affects the Borough in the most "direct" way possible, being entirely inside of it. This is

consistent with the statutory predecessor to the federal revenue-sharing provision. P.L. 94-258 (1976), which transferred jurisdiction over the NPR-A from the Navy to the Interior Department, authorized the Secretary to assist impacted communities "located on or near the reserve as a direct result of the exploration and study activities, Sec. 107.

The language in the 1980 Act allows the State more leeway in allocating funds to local communities than the 1976 Act; nonetheless, the intention is to abide by the limitation that funds be allocated to communities "most severely or directly impacted." This bill should be implemented with the degree of flexibility necessary to cover such eventualities, but restrained by the purpose of the federal provision.

This approach would also be consistent with similar interpretations of the courts of federal law and federal programs. The U.S. Supreme court recently interpreted the Coastal Zone Management Act's "directly affecting" language in the SECRETARY OF THE INTERIOR v. CALIFORNIA. The court found that for an affect to be direct there had to be a significant, physical alteration of an area; in this case, California's coastal zone. When Congress adopted the Coastal Energy Impact Program (16 U.S.C. 1456 (a)) it limited loans and grants to coastal states and local governments actually in the coastal zone. Also, Senator Stevens' OCS revenue-sharing bill, S.800, would qualify only coastal local governments to receive OCS revenue-sharing funds. Thus, in other, similar situations, both Congress and the courts narrowly relate direct affects on a geographic basis, providing a sound, factual underpinning to federal revenue sharing for adverse affects of specific federal programs.

Representative John Ringstad,
Co-chairman, House Resources Committee

EXPLORATION OF NATIONAL PETROLEUM RESERVE IN ALASKA

42 USC 6508.
42 USC 6504.

43 USC 1712,
1752.

42 USC 6502.

43 USC 1337.



For necessary expenses of carrying out the provisions of section 104 of Public Law 94-258, and for conducting hereafter and with funds appropriated by this Act and by subsequent appropriation Acts, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska, \$107,001,000, to remain available until expended: *Provided*, That (1) activities undertaken pursuant to this Act shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve); (2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) shall not be applicable to the Reserve; (3) the first lease sale shall be conducted within twenty months of the date of enactment of this Act: *Provided*, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332); (4) the withdrawals established by section 102 of Public Law 94-258 are rescinded for the purposes of the oil and gas leasing program authorized herein; (5) bidding systems used in lease sales shall be based on bidding systems included in section 205(a)(1) (A) through (H) of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 629); (6) lease tracts may encompass identified geological structures; (7) the size of lease tracts may be up to sixty thousand acres, as determined by the Secretary; (8) each lease shall be issued for an initial period of up to ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon; and (9) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this Act shall be paid into the Treasury of the United States: *Provided*, That 50 per centum thereof shall be paid by the Secretary of the Treasury semiannually, as soon as practicable after March 30 and September 30 each year, to the State of Alaska for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act.

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the National Petroleum Reserve in Alaska which do not interfere with operations under any contract maintained or granted previously. Any information acquired in such explorations shall be subject to the conditions of 43 U.S.C. 1352(a)(1)(A).

Any action seeking judicial review of the adequacy of any program or site-specific environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) concerning oil and gas leasing in the National Petroleum Reserve-Alaska shall be barred unless brought in the appropriate District Court within 60 days after notice of the availability of such statement is published in the Federal Register. Any proceeding on such action

Judicial review.
Publication in
Federal
Register.

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shall be assigned for hearing at the earliest possible date and shall be expedited by such Court.

The detailed environmental studies and assessments that have been conducted on the exploration program and the comprehensive land-use studies carried out in response to sections 105 (b) and (c) of Public Law 94-253 shall be deemed to have fulfilled the requirements of section 102(2)(c) of the National Environmental Policy Act (Public Law 91-190), with regard to the first two oil and gas lease sales in the National Petroleum Reserve-Alaska: *Provided*, That not more than a total of 2,000,000 acres may be leased in these two sales: *Provided further*, That any exploration or production undertaken pursuant to this section shall be in accordance with section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504).

42 USC 6505.

42 USC 4332.

ADMINISTRATIVE PROVISIONS

The amount appropriated for the Geological Survey shall be available for purchase of not to exceed 22 passenger motor vehicles, of which 19 shall be for replacement only; reimbursement to the General Services Administration for security guard services; contracting for the furnishing of topographic maps and for the making of geophysical or other specialized surveys when it is administratively determined that such procedures are in the public interest; construction and maintenance of necessary buildings and appurtenant facilities; acquisition of lands for observation wells; expenses of the U.S. National Committee on Geology; and payment of compensation and expenses of persons on the rolls of the Geological Survey appointed, as authorized by law, to represent the United States in the negotiation and administration of interstate compacts.

BUREAU OF MINES

MINES AND MINERALS

For expenses necessary for conducting inquiries, technological investigations and research concerning the extraction, processing, use and disposal of mineral substances without objectionable social and environmental costs; to foster and encourage private enterprise in the development of mineral resources and the prevention of waste in the mining, minerals, metal and mineral reclamation industries; to inquire into the economic conditions affecting those industries; to promote health and safety in mines and the mineral industry through research; and for other related purposes as authorized by law, \$139,428,000, of which \$107,726,000 shall remain available until expended.

ADMINISTRATIVE PROVISION

The Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to execute projects in cooperation with other agencies, Federal, State, or private: *Provided*, That the Bureau of Mines is authorized during the current fiscal year, to sell directly or through any Government agency, including corporations, any metal or mineral product that may be manufactured in pilot plants operated by the Bureau of Mines, and the proceeds of such sales shall be covered into the Treasury as miscellaneous receipts.

1 legislature from the fund for that purpose. It is the intent of the legis-
2 lature that the amount appropriated for payment to the subdivisions equal
3 25 percent of the amount received from the federal government under 43
4 U.S.C. 1337 and that this percentage be reviewed by the legislature every
5 five years following the effective date of this Act.

6 (d) Amounts received by the state under (a) of this section shall be
7 used by the state, subject to appropriation by law, for the following
8 activities and services:

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19 (2) construction, maintenance, and operation of essential public
20 facilities by the subdivisions; and

21 (3) other necessary public services provided by the subdivi-
22 sions.

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

Offered: 3/20/84
Referred: Judiciary and
Finance

Original sponsor: Adams

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2

CS FOR HOUSE BILL NO. 298 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act establishing a National Petroleum Reserve,

7

Alaska, special revenue fund; and providing for an

8

effective date."

9

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

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* Section 1. FINDINGS. The legislature finds that

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(1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514),

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15

(2) virtually all of the National Petroleum Reserve in Alaska

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lies within the corporate limits of the North Slope Borough, a home rule

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political subdivision of the state; and

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priation a special revenue fund should be established to comply with the

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directive of the federal Act.

21

* Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.

22

(a) The National Petroleum Reserve, Alaska, special revenue fund is estab-

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lished. The fund shall consist of money received by the state from the

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federal government under 43 U.S.C. 1337 (P.L. 96-514).

25

(b) The commissioner of revenue shall manage the special revenue fund

26

in accordance with AS 37.10.070.

27

(c) The commissioner of revenue shall pay to those subdivisions of

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the state that are most directly or severely impacted by development of oil

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2 the amount appropriated for payment to the subdivision equals 50 percent of
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5 (d) Amounts received by the state under (a) of this section shall be
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14 Reserve in Alaska and a program of competitive leasing of oil and gas from
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18 facilities by the subdivision; and

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20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

22

Offered: 4/19/84
Referred: Finance

Original sponsor: Adams

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2

CS FOR HOUSE BILL NO. 298 (Judiciary)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act establishing a National Petroleum Reserve,

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1 IN THE HOUSE

BY ADAMS

2

HOUSE BILL NO. 298

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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(1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514),
12 provided that the state shall receive 50 percent of receipts derived from
13 competitive leasing of oil and gas in the National Petroleum Reserve in
14 Alaska;

15

(2) virtually all of the National Petroleum Reserve in Alaska
16 lies within the corporate limits of the North Slope Borough, a home rule
17 political subdivision of the state; and

18

(3) because of the continuing nature of the congressional appro-
19 priation a special revenue fund should be established to comply with the
20 directive of the federal Act.

21

* Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.

22

(a) The National Petroleum Reserve, Alaska, special revenue fund is estab-
23 lished. The fund shall consist of money received by the state from the
24 federal government under 43 U.S.C. 1337 (P.L. 96-514).

25

(b) The commissioner of revenue shall manage the special revenue fund
26 in accordance with AS 37.10.070.

27

(c) The commissioner of revenue shall pay to those subdivisions of
28 the state that are most directly or severely impacted by development of oil
29 and gas leased under the federal Act the amount appropriated by the

Original sponsor: House Special Committee
on State Loans

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 302 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state housing loan and state
7 alternative technology loan programs; and providing
8 for an effective date."

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

10 * Section 1. AS 18.56.096(1) is amended to read:

11 (1) a first mortgage loan under this chapter for a duplex,
12 triplex, or four-plex that exceeds the limitations on first mortgage
13 loans for similar housing purchased by the Federal National Mortgage
14 Association as to principal amount and loan-to-value ratio; [OR]

15 * Sec. 2. AS 18.56.096(2) is amended to read:

16 (2) a second mortgage loan for a duplex, triplex, or four-
17 plex the amount of which, when combined with the principal balance of
18 a first mortgage loan on the property, exceeds the limitation on the
19 amount set out in (1) of this section or ~~that~~ has a loan-to-value
20 ratio, when considered with the principal balance of the first mort-
21 gage loan, that exceeds 90 percent; [.]

22 * Sec. 3. AS 18.56.096 is amended by adding new paragraphs to read:

23 (4) a first mortgage loan for a single-family residence
24 that exceeds the limitations on first mortgage loans for similar
25 housing purchased by the Federal National Mortgage Association as to
26 principal amount by more than 10 percent, or has a loan-to-value ratio
27 that exceeds 95 percent, or a second mortgage loan for a single-family
28 residence, the amount of which, when combined with the principal
29 balance of a first mortgage loan on the property, exceeds the

1 limitations on loans for similar housing purchased by the Federal
2 National Mortgage Association as to principal amount by more than 10
3 percent, or has a loan-to-value ratio, when considered with the prin-
4 cipal balance of the first mortgage loan, that exceeds 90 percent; or

5 (5) a first or second mortgage loan for rental housing
6 unless the borrower agrees not to discriminate against tenants or
7 prospective tenants because of sex, marital status, changes in marital
8 status, pregnancy, parenthood, race, religion, color, national origin,
9 or status as a student.

10 * Sec. 4. AS 18.56.098(g)(1) is amended to read:

11 (1) The interest rate on the first \$90,000 of a mortgage
12 loan purchased with the proceeds of an [THE FIRST] issue of taxable
13 bonds of the corporation is three percent less than [10 PERCENT OR]
14 the cost of funds of that issue, except that

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

17 (B) if the cost of funds of that issue is more than 10
18 percent, the interest rate may not be less than 10 percent [,
19 WHICHEVER IS LESS].

20 * Sec. 5. AS 18.56.098(g)(5) is amended to read:

21 (5) The interest rate on the first \$90,000 of a mortgage
22 loan purchased with [FROM] money that is not the proceeds of either
23 taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the
24 rate the corporation determines is appropriate by application of the
25 provisions of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED
26 ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF
27 BONDS.]

28 * Sec. 6. AS 18.56.101 is amended to read:

29 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The

1 following persons are eligible veterans for the purposes of AS 18.56.-
2 098(g) and (h):

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

7 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS
8 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR
9 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO
10 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-
11 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE
12 TERRITORY OR STATE; OR.

13 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE TERRI-
14 TORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS BEEN A
15 RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR AT THE
16 TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO THE
17 TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

18 (C)] whose discharge was under honorable conditions;

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

21 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-
22 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

23 (B)] the member or veteran served in the armed forces
24 for at least 90 days after April 6, 1917 [;] and

25 [(C)] the veteran's [HIS] discharge was under honorable
26 conditions;

27 (3) a person who has served for not less than five years in
28 the Alaska Army National Guard, the Alaska Air National Guard, [OR]
29 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the

1 United States armed forces [IN ALASKA] if the reserve unit required,
2 as a minimum, one weekend each month of duty and 15 consecutive days
3 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and
4 whose discharge was under honorable conditions.

5 * Sec. 7. AS 18.56.115 is amended to read:

6 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating
7 the private sale of bonds or bond anticipation notes to an under-
8 writer, the corporation may [SHALL] retain a financial advisor. A
9 financial advisor retained under this section must be [WHO IS] inde-
10 pendent from the underwriter.

11 * Sec. 8. AS 18.56 is amended by adding a new section to read:

12 Sec. 18.56.205. RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF
13 THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the
14 special mortgage loan purchase program (AS 18.56.098) to purchase a
15 mortgage loan made for the purchase or rehabilitation of a residence
16 located in the District of Columbia or within 50 miles of the District
17 of Columbia to a member of the United States Congress from Alaska if
18 the member is otherwise qualified for assistance under the special
19 mortgage loan purchase program.

20 * Sec. 9. AS 44.47.380 is amended to read:

21 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created
22 in the Department of Community and Regional Affairs, as a revolving
23 loan fund, the housing assistance loan fund consisting of money appro-
24 priated to it by the legislature and repayments of principal of loans
25 made or purchased from the assets of the fund. Interest on loans made
26 or purchased from the assets of the fund must be transferred to the
27 Department of Revenue for deposit in the general fund. The director
28 shall administer the housing assistance loan fund in accordance with
29 AS 44.47.360 - 44.47.560 and shall use the money in the housing

1 assistance loan fund to originate, purchase, or participate in the
2 purchase of

3 (1) nonconforming and rural housing mortgage loans;

4 (2) loans made for building materials for nonconforming and
5 rural housing;

6 (3) loans made for renovations or improvements to noncon-
7 forming and rural housing;

8 (4) loans made for the construction of owner-occupied
9 nonconforming and rural housing other than loans to builders or con-
10 tractors or loans that compensate an owner for the owner's labor or
11 services in constructing the owner's own housing.

12 * Sec. 10. AS 44.47 is amended by adding a new section to read:

13 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is
14 created in the Department of Community and Regional Affairs, the home
15 ownership assistance fund consisting of money appropriated to it by
16 the legislature. Money in the fund shall be used solely to assist
17 persons of lower and moderate income to purchase or construct single-
18 family homes financed under AS 44.47.360 - 44.47.560 by providing a
19 subsidy to those persons.

20 (b) The subsidy provided by this section may not exceed the
21 amount that is necessary to reduce the annual interest rate paid on
22 the mortgage loan to six percent.

23 (c) A mortgage loan that is subsidized from the home ownership
24 assistance fund may not exceed \$120,000.

25 (d) The division shall adopt regulations that establish maximum
26 income-to-loan payment ratios for persons who apply for a subsidy
27 under this section.

28 (e) In this section, "persons of lower and moderate income"
29 means individuals considered by the division to require assistance

1 under this section because of inadequate income or other limited
2 personal financial resources, taking into consideration

3 (1) the amount of total income available for housing needs;

4 (2) the size of the family;

5 (3) the cost and condition of available housing;

6 (4) standards established in various federal programs for
7 determining eligibility based on income;

8 (5) the ability to enter the private housing market and to
9 pay market amounts for decent, safe, and sanitary housing; and

10 (6) other factors considered relevant by the division.

11 * Sec. 11. AS 44.47.390(4) is amended to read:

12 (4) originate a direct loan for nonconforming or rural
13 housing or purchase or participate in the purchase of a nonconforming
14 or rural housing mortgage loan, other than a loan for the repair,
15 remodeling, rehabilitation, or expansion of an existing owner-occupied
16 residence, if the borrower has an outstanding housing loan made under
17 a state loan program, other than a loan for nonowner-occupied housing
18 under AS 44.47.520, that bears interest at a rate that was less than
19 the prevailing market interest rate for similar housing loans at the
20 time the loan was made.

21 * Sec. 12. AS 44.47.390 is amended by adding a new paragraph to read:

22 (5) originate a direct mortgage loan or purchase or partic-
23 ipate in the purchase of a mortgage loan for rental housing unless the
24 borrower agrees not to discriminate against tenants or prospective
25 tenants because of sex, marital status, changes in marital status,
26 pregnancy, parenthood, race, religion, color, national origin, or
27 status as a student.

28 * Sec. 13. AS 44.47.410 is amended to read:

29 .Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a

1 mortgage loan originated or purchased in whole or in part under
2 AS 44.47.380 for nonconforming housing that is not rural housing is
3 one-quarter percent more than [EQUAL TO] the interest rate, as deter-
4 mined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased
5 under AS 18.56.098(a) from the proceeds of the most recent applicable
6 issue of taxable bonds before the origination or purchase of the
7 mortgage loan originated or purchased under AS 44.47.380.

8 (b) The interest rate on a mortgage loan originated or purchased
9 in whole or in part under AS 44.47.380 for rural housing is one per-
10 cent less than the interest rate, as determined under AS 18.56.098-
11 (g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from
12 the proceeds of the most recent applicable issue of taxable bonds
13 before the origination or purchase of the mortgage loan originated or
14 purchased under AS 44.47.380 [10-1/2 PERCENT].

15 * Sec. 14. AS 44.47.560(5) is repealed and reenacted to read:

16 (5) "rural" means of or relating to a community in the
17 state with a population of 4,500 or less, as determined by the depart-
18 ment under AS 29.88.015, that

19 (A) is not connected by road or rail to Anchorage; or

20 (B) is connected by road or rail to Anchorage, but is
21 more than 50 air miles from Anchorage;

22 * Sec. 15. AS 45.88.500(2) is amended by adding a new subparagraph to
23 read:

24 (E) a steam, hot water, or ducted hot air central
25 heating system that uses wood or coal for fuel;

26 * Sec. 16. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.

27 * Sec. 17. Section 10 of this Act takes effect January 1, 1984.

28 * Sec. 18. Sections 1 - 9, and 11 - 16 of this Act take effect immedi-
29 ately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 302 (Fin)
 Title State Housing Loans
 Requested by House Finance Date 5/17/83

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Development
 BRU, Program, Or Subprogram(s) Affected Housing Assistance
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		2	3.1	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		225	284.1	299.9	316.7	334.7

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS

FULL TIME		5	5	5	5	5
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This appropriation will fund the increased costs of operating the home ownership assistance program created in this bill. It is the only appropriation, in addition to the funding provided in CSHB 315 (Finance), which is necessary to provide these low interest loans. These costs will be funded with program receipts. See the attachment for details on the funding provided through this fiscal note.

IV. DATE 5/17/83 PREPARED BY Al Adams, Chairman
 AGENCY House Finance Committee
 Original: Legislative Finance PHONE 465.3706
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/82)

Home Ownership Assistance Fund (HOAF) Assumptions for Fiscal Note

Expenditures

OPERATING:

Personal Services

\$141,000

<u>Position</u>	<u>Salary & Benefits</u>
Loan Examiner I	\$ 41,867 (12 months)
Clerk Typist III	20,335 (9 months)
Accountant III	25,883 (6 months)
Accounting Clerk III	22,890 (9 months)
Documents Processing Clerk III	<u>30,519 (12 months)</u>
	\$141,000 (rounded down)

All salaries are based on GGU Salary Schedule for A ranges Effective 1/1/83 for number of months requested.

Benefits were calculated at .0613 of gross salaries.

Supplemental benefits were calculated at DCRA FY'84 variable rate of .1537.

Fixed benefits were calculated at gross salary x 240.

FY'84 impacts for new positions varied between 12 and 6 months. FY'85 projections assume all positions at 12 month plus 6% salary inflation costs. Subsequent years assume only annual inflation rate of 6%.

Travel

\$ 41,000

Travel is assumed to reflect both direct and indirect lending services of the division. FY'84 travel reflects the following specific assumptions:

Loan Examiner I to hearings in six field locations	\$ 2,500
Accountant, 6 trips to Juneau ..	3,600
Central office to bring field staff for training on new program	5,000
6 field offices @ 5,000 each for increased direct services and program outreach	<u>30,000</u>
	\$41,000

HOAF Assumptions for Fiscal Note
Page 2

Contractual \$ 12,000

Contractual assumptions were as follows

- New Regulations	\$ 8,500
- Computer programming	3,500
	<u>\$12,000</u>

Commodities \$ 29,000

Commodities assumptions were based on present cost of equipment for desks, chairs, files, WANG stations and data processing equipment.

Equipment \$ 3,000

Equipment is assumed at \$500 per new position plus \$500 for extra supplies to field.

Annual projections carry a 6% inflation calculation.

Total Fiscal Note Request \$226,000

Additional Personal Services data is provided on the attached FY'84 Budget Forms. Please note the justification section on each form for a needs assessment of each position requested.

1.	POSITION TITLE LOAN EXAMINER I				RANGE/STEP 15-A	BARC. UNIT G	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.	
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEC.			
3.	CONTINUATION LEVEL				ADDITION						
4.	TYPE OF EXPENDITURE				AMOUNT						
	1			2		3					
	PERSONAL SERVICES										
5.	Salary 2398 x 12			28,776							
6.	Benefits			1,763							
7.	Supplemental Benefits			4,422							
8.	Fixed Benefits			6,906							
9.	TOTAL PERSONAL SERVICES			01		41,867					
10.	Travel			02		2,500					
11.	Contractual			03		-0-					
12.	Commodities			04		6,500					
13.	Equipment			05		500					
14.	Other					-0-					
15.	TOTAL COST					52,767					
JUSTIFICATION											
<p>1. This position is calculated for twelve months to absorb extra underwriting duties expected from renewal of rural interest rates reduced from urban ratchet rate. Other duties will include establishment of eligibility criteria forms for HOAF program, drafting of regulations to administer program, development of rural outreach and training projects for the division and underwriting of all HOAF loans. First year estimated activity is 176 HOAF loans averaging \$85,000 each for a total underwriting responsibility of \$15,000,000.</p> <p>2. Travel includes public hearing schedule for rural HOAF loan program in all regional office locations.</p> <p>3. Commodities reflect office equipment, word and data processing equipment for this position.</p>											
	RECEIPT CODE	FUNDING SOURCE									
16.		Federal Receipts 1002									
17.		G.F. Match 1003									
18.		General Funds 1004			52,767						
19.		I-A Receipts 1005									
20.		Program Receipts 1028									
21.		Other									
FOR B&M USE ONLY											
4A KEY NUMBER _____											

13 REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM _____

BRU HOUSING ASSISTANCE DIVISION

COMPONENT _____

FY 84

Page _____ of _____
Revised Date _____

1.	POSITION TITLE CLERK TYPIST III				RANGE/STEP 08-A	ORG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL		ADDITION	X	JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2		3						
	PERSONAL SERVICES									
5.	Salary	1553 x 9	13,977							
6.	Benefits		856							
7.	Supplemental Benefits		2,148							
8.	Fixed Benefits		3,354							
9.	TOTAL PERSONAL SERVICES		01	20,335	1. This clerical position will support an FY'84 increase in professional staff and assume all clerical duties for certification and recertification of HOAF clients.					
10.	Travel		02	-0-	2. Commodities are assumed to cover office and data processing equipment for this position.					
11.	Contractual		03	-0-						
12.	Commodities		04	4,500						
13.	Equipment		05	500						
14.	Other									
15.	TOTAL COST			25,335						
RECEIPT CODE FUNDING SOURCE										
16.		Federal Receipts		1002						
17.		G.F. Match		1003						
18.		General Funds		1004	25,335					
19.		I-A Receipts		1005						
20.		Program Receipts		1028						
21.		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

13 REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM _____

BRU HOUSING ASSISTANCE DIVISION

COMPONENT _____

FY 84

Page _____ of _____
Revised Date _____

1.	POSITION TITLE ACCOUNTANT III				RANGE/STEP 18-A	DARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 6	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL				ADDITION	X	JUSTIFICATION			
4.	TYPE OF EXPENDITURE				AMOUNT					
	1		2		3					
	PERSONAL SERVICES									
5.	Salary	2965 x 6	17,790							
6.	Benefits		1,090							
7.	Supplemental Benefits		2,734							
8.	Fixed Benefits		4,269							
9.	TOTAL PERSONAL SERVICES		01	25,883						
10.	Travel		02	3,600						
11.	Contractual		03	2,000						
12.	Commodities		04	4,500						
13.	Equipment		05	500						
14.	Other									
15.	TOTAL COST			36,483						
	RECEIPT CODE				FUNDING SOURCE					
16.					Federal Receipts 1002					
17.					G.F. Match 1003					
18.					General Funds 1004					
19.					I-A Receipts 1005					
20.					Program Receipts 1028					
21.					Other					
FOR B&M USE ONLY										
4A KEY NUMBER _____										

1. This position will oversee all accounting staff of the division (3) and will monitor all revolving loan fund accounts, subsidy accounts, operating loss reserve account and title loss reserve account.
2. This position will be responsible for reconciliation with PBA for an estimated \$155 million in loan funds and \$55 million in construction grant funds by the end of FY'84.
3. This position will be the final department authority on low income eligibility for loan or grant programs on direct services.
4. This position will be the final department authority for reconciliation with all seller/servicers on indirect services.
5. This position will maintain an ongoing portfolio analysis of expenditures and advise management on expenditure patterns per statute for each program.
6. This position is based on 6 months only for FY'84 and assumes 6 trips to Juneau @ \$600 each annually.
7. Contractual costs are assumed for special computer programming services.
8. Commodities reflect office equipment and data processing equipment.

13 REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM _____

BRU HOUSING ASSISTANCE DIVISION

COMPONENT _____

FY 84

Page _____ of _____

Revised Date _____

1.	POSITION TITLE ACCOUNTING CLERK III				RANGE, STEP 10-A	BARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.																												
2.	TYPE OF POSITION PFT	STAFF MONTHS 9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.																														
3.	CONTINUATION LEVEL				JUSTIFICATION																																	
4.	TYPE OF EXPENDITURE			AMOUNT																																		
	1	2	3																																			
	PERSONAL SERVICES																																					
5.	Salary	1748 x 9	15,732																																			
6.	Benefits		964																																			
7.	Supplemental Benefits		2,418																																			
8.	Fixed Benefits		3,776																																			
9.	TOTAL PERSONAL SERVICES		01	22,890																																		
10.	Travel		02	-0-																																		
11.	Contractual		03	-0-																																		
12.	Commodities		04	6,500																																		
13.	Equipment		05	500																																		
14.	Other																																					
15.	TOTAL COST				31,890																																	
<table border="1"> <thead> <tr> <th>RECEIPT CODE</th> <th colspan="2">FUNDING SOURCE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>16.</td> <td>Federal Receipts</td> <td>1002</td> <td></td> </tr> <tr> <td>17.</td> <td>C.F. Match</td> <td>1003</td> <td></td> </tr> <tr> <td>18.</td> <td>General Funds</td> <td>1004</td> <td>31,890</td> </tr> <tr> <td>19.</td> <td>I-A Receipts</td> <td>1005</td> <td></td> </tr> <tr> <td>20.</td> <td>Program Receipts</td> <td>1028</td> <td></td> </tr> <tr> <td>21.</td> <td>Other</td> <td></td> <td></td> </tr> </tbody> </table>											RECEIPT CODE	FUNDING SOURCE		AMOUNT	16.	Federal Receipts	1002		17.	C.F. Match	1003		18.	General Funds	1004	31,890	19.	I-A Receipts	1005		20.	Program Receipts	1028		21.	Other		
RECEIPT CODE	FUNDING SOURCE		AMOUNT																																			
16.	Federal Receipts	1002																																				
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19.	I-A Receipts	1005																																				
20.	Program Receipts	1028																																				
21.	Other																																					
<div style="border: 1px solid black; padding: 5px;"> <p>FOR B&M USE ONLY</p> <p>4A KEY NUMBER _____</p> </div>																																						

1. This position is calculated at 9 months only. It will accommodate increased accounting responsibilities as a result of interest rate reductions in rural Alaska.
2. This position will assist accounting technician staff in posting PITI figures for an estimated 1150 loans prior to assumption of new loan program for low income borrowers in rural Alaska.
3. Accounting unit currently has no clerical support. More correspondence with PBA regarding low income and existing program borrowers is anticipated.
4. Weight of data processing conversions and file maintenance for accounting unit will be borne by accounting unit clerical staff person.
5. Commodities include office equipment, word and data processing equipment for this position.

13 REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM _____

BRU HOUSING ASSISTANCE DIVISION

COMPONENT _____

FY 84

Page _____ of _____

Revised Date _____

1.	POSITION TITLE DOCUMENTS PROCESSING CLERK III				RANGE/STEP 10-A	BARG. UNIT G	FORM 12	PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PPT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7		LEG.		
3.	CONTINUATION LEVEL				ADDITION <input checked="" type="checkbox"/>						
4.	TYPE OF EXPENDITURE				JUSTIFICATION						
	1		2		3						
	PERSONAL SERVICES*										
5.	Salary	1748 X 12	20,976								
6.	Benefits		1,285								
7.	Supplemental Benefits		3,224								
8.	Fixed Benefits		5,034								
9.	TOTAL PERSONAL SERVICES		01	30,519							
10.	Travel		02	-0-							
11.	Contractual		03	1,500							
12.	Commodities		04	6,500							
13.	Equipment		05	500							
14.	Other			-0-							
15.	TOTAL COST			39,019							
	RECEIPT CODE	FUNDING SOURCE									
16.		Federal Receipts 1002									
17.		G.F. Match 1003									
18.		General Funds 1004		39,019							
19.		I-A Receipts 1005									
20.		Program Receipts 1028									
21.		Other									
FOR B&M USE ONLY											
4A KEY NUMBER _____											

1. This position will be responsible for all loan file transfers between six field offices and the central office and between the central office and all seller/servicers
2. This position receives all files logged in and will enter them into data processing, review them for completeness, distribute to underwriters, accountants or loan closers for action.
3. This position receives all completed files from IIAD staff and transmits to seller/servicers all executed documents of file.
4. This position is responsible for maintaining all logs, tracking and filing systems for the division.
5. Contractual services are calculated to assume additional data processing programming for new programs and present programs experiencing interest rate adjustments.
6. Commodities are estimated to include office equipment word and data processing equipment for this position.

13 REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM _____

BRU HOUSING ASSISTANCE DIVISION

COMPONENT _____

Page _____ of _____
Revised Date _____

FY 84

The following individuals are expected to testify on CS HB 302 (Loans) and CS HB 315 (Loans):

Rick Uehling, Chair, House Loans Committee

Michael Lynch, Director, Alaska Housing Finance Corporation

Barbara Morse Quinn, Director, Division of Housing, Department of Community & Regional Affairs

Paul Arnoldt, Director, Division of Investments, Department of Commerce and Economic Development

Sharon Barton, Special Assistant, Department of Natural Resources

Kerry Romesburg, Director, Postsecondary Education Commission

STATE OF ALASKA
FISCAL NOTE

REC'D 6/18/83
Revision Date 6/15, 1983

I. REQUEST

BILL/Resolution No: SCSCSHB 302 (L&C)
Title: State housing loans & alternate technology loan programs.
Sponsor: H. Spec. Comm. State Loans
Requestor: Senate Finance

II. FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: Econ. Dev.
BRU, Program of Subprogram(s) Affected: Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-0-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)


GENERAL FUND	-0-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

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

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Michael S. Lynch
Division: Alaska Housing Finance Corporation
Approved by Commissioner: 
Department: Revenue

Phone: 276-5599
Date: 6/15/83
Date: 6/18/83

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STATE OF ALASKA
FISCAL NOTE

Revision Date 4/29, 1983

I. REQUEST No. 1 Page 1 of 311. FISCAL DETAIL
 Bill/Resolution No.: CS for HB 302 (Loans) Agency Affected: Comm. & Reg. Affairs
 Title: State Housing Loans Program Category Affected: Development
 Sponsor: House Special Commte./Loans BRU, Program of Subprogram(s) Affected:
 Requestor: Hse. Spec. Cmte./Loans Housing Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		3	3.1	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		226	284.1	299.9	316.7	334.7
ANNUAL SUBSIDY		650	1,000	1,200	1,350	1,700
CAPITAL		15,650	31,650	37,850	44,200	50,700
SUBSIDY (Cumulative)		650	1,650	2,850	4,200	5,700
REVENUE		350	2,150	4,250	6,650	1,350
REVENUE (Annual)		350	1,800	2,100	2,400	2,700

FUNDING: (Thousands of Dollars)

GENERAL FUND		15,650	31,650	37,850	44,200	50,700
FEDERAL FUNDS						
OTHER (Specify Source)						
Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS:

FULL-TIME		5	5	5	5	5
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Unused AIDA Certificates of Deposit: SLA 1982, CH 114 CCSSB 322
 (See 9. Assumptions for Fiscal Note)

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: B. Morese-Quinn/R. Price Phone: 272-4585
 Division: Housing Assistance Division Date: 4/15/83

Approved by Commissioner: *Robert H. Kelleher* Date: 4/15/83
 Department: Community & Regional Affairs

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3/8/83

Home Ownership Assistance Fund (HOAF) Assumptions for Fiscal Note

1. AHFC made 381 HOF loans in FY'81 for \$24.7 million with an average loan amount of \$64,829.00. AHFC made 903 HOF loans in FY'82 for \$58.1 million with an average loan amount of \$64,341.00. HAD's average loan amount is \$87,500.00. HAD projects a FY'84 HOAF program of 176 loans at \$85,000.00 each for a total of \$15 million in loans made.

2. HAD projects a HOAF Program based on rural Alaskan needs as follows:
 - a. Dwelling Price Maximums

1 or 2 member family	\$100,000
3 member family	105,000
4 member family	110,000
5 or more member family	120,000

 - b. Income Maximums

Adult family members	30,000
1st child	5,000
Each additional child	1,500
to program maximum of	39,000

 - c. Asset Maximums

3 times income for all borrowers

3. Subsidies are calculated for payments of 1 adult and 2 children in rural Alaska to be subsidized from ratchet rate of 10% to HOAF rate of 6%. Average salary is computed at \$2,835 per month with subsidy of \$236.30 per month.

4. Capital projections assume accumulated subsidy projections. Annual subsidy rates are noted.

5. Revenue projections assume accumulated interest of 6% returning to the General Fund. Annual interest earnings are noted. Principal repayment is assumed to revolve back to the fund and is not calculated as revenue.

6. Position requests assume a specialization of duties and can absorb the year round program levels projected with no increased staff.

7. Travel is assumed to reflect both direct and indirect lending services of the division. FY'84 travel reflects the following specific assumptions:

2,500	Loan Examiner I to hearings in six field locations
3,600	Accountant, 6 trips to Juneau
5,000	Central office to bring field staff for training on new program
30,000	6 field offices @ 5,000 each for increased direct services and program outreach

8. Contractual assumptions were as follows:
8,500 New regulations - HOAF
3,500 Computer programming
9. Commodities assumptions were based on present cost of equipment for desks, chairs, files, WANG stations and data processing equipment.
10. Equipment is assumed at \$500 per new position plus \$500 for extra supplies to field.
11. Annual projections carry a 6% inflation calculation.

Notes for Form 13 Calculations

1. All salaries are based on GGU Salary Schedule for A ranges effective 1/1/83 for number of months requested.
2. Benefits were calculated at .0613 of gross salaries.
3. Supplemental benefits were calculated at DCRA FY'84 variable rate of .1537.
4. Fixed benefits were calculated at gross salary x 240.

Notes for Personal Services Category Projections

1. FY'84 impacts for new positions varied between 12 and 6 months. FY'85 projections assume all positions at 12 month plus 6% salary inflation costs. Subsequent years assume only annual inflation rate of 6%.

Notes for Revenue Projections

1. Monthly distribution of capital funds and, therefore, monthly interest calculations due on payments of first year operations cannot be accurately projected until program becomes operational. These figures are division's best estimates.

STATE OF ALASKA
FISCAL NOTE

Revision Date 5/6, 1983

I. REQUEST

Bill/Resolution No: CSHB 302 (Loans)
 Title: AHFC - Semi rural loans
 Sponsor: Special Committee on Loans
 Requestor: Housing Finance

II. FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: Econ. Dev.
 BRU, Program of Subprogram(s) Affected: Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	12.5M	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	12.5M	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
-	-	-	-	-	-	-

POSITIONS:

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

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Michael S. Lynch
 Division: Alaska Housing Finance Corporation

Phone: 276-5599
 Date: 5/6/83

Approved by Commissioner: Robert D. Heath
 Department: Revenue

Date: 5/6/83

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IV. ANALYSIS:

The change to a maximum subsidized loan from \$90,000 to \$100,000 will require 12.5M more in subsidy funds.

The \$76,000 required for section 11 of this bill is covered in the 12.5M request.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSHR 302 (Loans)
 Title: Relating to housing Loans & State
 Sponsor: House Spec. Committee on Loans
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected: _____
 Fund) Accounting & Collections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		32.3	35.6	37.4	39.2	41.2
200 TRAVEL						
300 CONTRACTUAL		2.5	2.8	2.9	3.1	3.2
400 COMMODITIES		1.4	.4	.4	.4	.5
500 EQUIPMENT		2.2	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		38.4	38.8	40.7	42.7	44.9
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		38.4	38.8	40.7	42.7	44.9
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME		2	2	2	2	2
TEMPORARY						
STAFF MONTHS		12	12	12	12	12

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Margaret I. Hamley, Director *M. Hamley* Phone: 465-2510
 Division: Accounting & Collections Date: 5-4-83
 Approved by Commissioner: Richard A. Lyon *R. Lyon* Date: 5/7/83
 Department: Commerce & Economic Development

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3/8/83

As a result of the split of the Division of Loans and Veterans' Affairs into the Division of Investments and the Division of Accounting & Collections, we anticipate being able to increase our operating efficiency sufficiently to be able to correct the present problems that have been noted in recent audits, and to eliminate the need for the excessive overtime presently required. To add 350 loans per year to our current loan servicing volume would presently require additional part-time staffing as described below.

FY '84

PERSONAL SERVICES

	<u>Location</u>	<u>Months</u>	<u>Monthly</u>	<u>Annual</u>
1 Accounting Tech. I	AWA	6	1,889	\$11,334
1 Accounting Tech. II	AWA	6	2,145	<u>12,870</u>
				24,204
SBS @ .0613				1,484
Variable benefits @ .1550				3,752
Fixed benefits @ \$240 x 12				<u>2,880</u>
Total Personal Services				<u>\$32,320</u>

CONTRACTUAL

Data processing costs @ \$.60 per month per loan \$ 2,520

COMMODITIES

2 calculators @ \$331	\$ 662
2 chairs @ \$169	338
Setup costs @ \$40/person	80
Supplies @ \$150/person per year	<u>300</u>
	<u>\$ 1,380</u>

EQUIPMENT

1 Technical workstation \$ 2,178

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSHB 302 (Loans)
 Title: Relating to housing loans & State
 Sponsor: House Spc. Comm. on Loans Alt.
 Requestor: _____ Funds

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected: Investments

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		41.4	43.5	45.7	48.0	50.4
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		.8	.1	.1	.1	.1
500 EQUIPMENT		3.5	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		45.7	43.6	45.8	48.1	50.5
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		45.7	43.6	45.8	48.1	50.5
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						
STAFF MONTHS		12	12	12	12	12

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Paul B. Arnoldt, Director *Paul B. Arnoldt* Phone: 465-2510
 Division: Investments Date: 5/6/83
 Approved by Commissioner: Richard A. Lyon *R* Date: 5/9/83
 Department: Commerce and Economic Development

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3/8/83

CSHB 302 (Loans)

FISCAL NOTE ANALYSIS

As a result of the split of the Division of Loans and Veterans' Affairs into the Division of Investment and the Division of Accounting & Collections, we anticipate an increase in our operating efficiency sufficient to be able to absorb a portion of the 350 additional loans that Section 17 of this bill will generate. This demand for 350 loans is based on an additional \$3.5 million being appropriated to the Alternative Technology and Energy Revolving Loan Fund in addition to the original FY '84 budget request.

FY '84

PERSONAL SERVICES

	<u>Location</u>	<u>Range</u>	<u>Months</u>	<u>Monthly</u>	<u>Annual</u>
1 Loan Examiner I-II	AWA	17	12	\$2,639.00	\$31,668.00
SBS @ .0613					1,941.00
Variable Benefits @ .1550					4,908.00
Fixed Benefits @ \$240 x 12					2,880.00
Total Personal Services					<u>\$41,397.00</u>

COMMODITIES

1 calculator					331.51
1 chair					247.47
Setup costs					40.00
Supplies					100.00
Total Commodities					<u>\$ 718.98</u>

EQUIPMENT

1 Support work station					\$ 3,536.50
------------------------	--	--	--	--	-------------

P.O.
5-19-83
Rec'd 5-20-83

STATE OF ALASKA
FISCAL NOTE

Revision Date 6/16, 1983

I. REQUEST

Bill/Resolution No.: CS for HB 302
 Title: State Housing Loans
 Sponsor: House Special Commte./Loans
 Requestor: Senate Finance

II. FISCAL DETAIL

Agency Affected: Comm. & Reg. Affairs
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected: Housing Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		3	3.1	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		226	284.1	299.9	316.7	334.7
Annual Subsidy		650	1,000	1,200	1,350	1,700
CAPITAL		15,650	31,650	37,850	44,200	50,700
Subsidy (Cumulative)		650	1,650	2,850	4,200	5,700
REVENUE		350	2,150	4,250	6,650	9,350
Revenue (Annual)		350	1,800	2,100	2,400	2,700

FUNDING: (Thousands of Dollars)

GENERAL FUND		15,650	31,650	37,850	44,200	50,700
FEDERAL FUNDS						
OTHER (Specify Source)						
Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS:

FULL-TIME		5	5	5	5	5
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: B. Morse-Quinn/R. Price
 Division: Housing Assistance Division
 Approved by Commissioner: [Signature]
 Department: Community & Regional Affairs

Phone: 272-45-4585
 Date: 6/16/83
 Date: 6/16/83

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A Report on Housing Financing
and Related Issues, Phase I
for
Governor William Sheffield

STATE OF ALASKA
TASK FORCE ON HOUSING

A Report on Housing Financing
and Related Issues, Phase I
for
Governor William Sheffield

December 1982 - January 1983

This copy provided
courtesy of
HOUSE SPECIAL COMMITTEE ON STATE LOANS
Rep. Rick Uehling
Chairman

January 14, 1983

The Honorable William J. Sheffield
Governor
State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

It is my pleasure to present to you the following report of the Task Force on Housing. We have evaluated the issues and problem areas of providing affordable housing to Alaskans. The enclosed report represents Phase I of the Task Force's recommendations. A Phase II report which will include an investigation of low and/or special incomes, elderly and disabled handicapped programs will be forwarded when further research is concluded.

We are hopeful you will find the Task Force policy recommendations useful to develop a sound housing program. The Task Force is committed to the need to enact legislation to create a housing revolving loan fund. We are also in favor of the Permanent Fund becoming a major source of funds for the revolving fund. Many other specific recommendations have been made, but the above two issues were unanimously supported by Task Force members as being a key to establishing a long term solution to the problems in financing homes for Alaskans.

The work of the Task Force has been challenging, educational and complex, but ultimately a rewarding opportunity to explore solutions to the housing needs throughout the state of Alaska for people of every economic and sociological status.

It is our hope that you will find this report of the Task Force and its policy recommendations useful in promulgating a "Housing Plan" to serve all Alaskans.

Governor William Sheffield
January 14, 1983
Page 2

We, on the Task Force, wish to thank you for the opportunity to serve you and the citizens of the State. It has been a satisfying experience.

Sincerely yours,

A handwritten signature in cursive script that reads "Rob Gamel". The signature is written in dark ink and is positioned above the typed name and title.

Rob Gamel
Chairman
Task Force on Housing

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TASK FORCE MEMBERSHIP

GOVERNOR'S TASK FORCE ON HOUSING

December 1982 - January 1983

Mr. Rob Gamel, Chairman
Alaska State Association of Home Builders
Anchorage, Alaska

Mr. Jess L. Hall

Mr. Dave Ribacchi

Ms. Laurie Terrall

Mr. Charles Homan

Mr. Richard Hall

Mr. Andy Edge

Mr. Jess Arrington

Mr. Dave Rose

Acting Commissioner Joe Donahoe

Commissioner Mark Lewis

Mr. Clark Gruening

Commissioner Dick Lyon

Mr. Frank Roppel

Ms. Lennie Boston, Liaison

Task Force Staff:

Ms. Barbara Morse-Quinn

Mr. Joel Diganghi

Assisting Staff:

Mr. Harry Goldbar

Mr. Eric Wohlforth

Ms. Denna Cline

Mr. Ray Price

Assisting Staff (Continued):

Mr. Mark Cameron

Mr. Dick Pryor

Mr. Leroy Rothe

Mrs. Lucille Steitz

Mr. Pete Bushre

Mr. Jim Kelly

INTRODUCTION

GOVERNOR'S CHARGE

INTRODUCTION

GOVERNOR'S CHARGE

Governor Sheffield created a Task Force to consider housing in the State of Alaska.

On December 21, 1982 the Governor met with the Task Force and charged them with development of a "sound housing program." In elaboration Governor Sheffield directed that the Task Force consider all forms of housing to include rental, single family, special needs and programs that would reach more Alaskans, rural and urban. Special concern was to be given to providing stable and predictable programs that would promote long-term well being, opportunity and benefit the populace. The Governor directed the Housing Task Force to consider interest rates, costs, use of the Permanent Fund, public access to agencies and corporations providing for housing and the methods by which loans are made.

The Task Force accepted the charge and committed itself to finding workable solutions to provide Alaskans with affordable housing, to benefit the economy in general and to provide for real social concerns.

SUMMARY OF RECOMMENDATIONS

SUMMARY OF RECOMMENDATIONS

The following statements represent summarized recommendations of the Task Force on Housing as discussed in this report. They are offered only as a capsule of comprehensive issues presented in later sections and should be reviewed only in context of those discussions.

1. The Governor and the Legislature should create a revolving loan fund entitled the Alaska Housing Finance Fund (AHFF). This fund should be administered by the Department of Revenue.

2. The Governor should appoint an Alaska Housing Finance Fund Policy Board to be comprised of five to seven members representing all existing State housing agencies and the Alaska Permanent Fund.

3. The Governor shall direct the purpose of the Alaska Housing Finance Fund to make loans for all State housing loan programs. This fund will finance programs currently being administered by AHFC, CRA/HAD, AIDA, ASHA, Commerce or any other vehicle delivering housing loan services for the State.

4. The funding sources for creation of the Alaska Housing Finance Fund are recommended to be principal repayment and interest earned from:

- (a.) Annual General Fund appropriations;
- (b.) Mortgage bond sales;
- (c.) Blended portfolio income from existing State housing agencies;
- (d.) Federal housing loan funds dedicated to Alaska; and
- (e.) Alaska Permanent Fund investments.

5. The Task Force recommends meeting an FY'84 funding demand of \$1.3 billion for statewide housing programs and presumes no absorption of currently funded federal programs. A further recommendation is to institute an 18 month funding cycle for all housing loan programs.

6. The Governor should direct the AHFF to annually determine and publish the rates of interest to be charged on housing loan programs administered by any state agency. The Legislature shall have the power to adjust rates and vary features of the various loan programs administered by each agency through fund appropriations. The Task Force recommends an irrevocable rate schedule for all programs be published annually for the following calendar year. Further, the Task Force recommends the FY'84 Legislature seek maximum rates on the first \$90,000 at 10% for Conventional Financing, 9% for Veteran's Preference Financing. A 6% rate for HOF Programs, and 5% rate for energy renovation programs is also recommended. In the event the Legislature does not see fit to establish a fixed rate annually, then the interest rate spread between the cost of funds and the mortgage rate made available to borrowers should be increased to 4% to reduce the impact of accelerating interest rates.

7. Permanent Fund contributions to the AHFF should begin immediately with an FY'84 investment of not less than 3% of the body of the Fund, up to the current allowable maximum for real estate mortgages of 15%. The Task Force further recommends new legislation and/or a constitutional amendment be originated by the Governor to allow for real estate investment by the Permanent Fund of up to 25% of the corpus.

8. The Task Force recommends legislation be introduced to create a Home Ownership Fund (HOF) Program within Community and Regional Affairs, Housing Assistance Division, for specific application in rural communities. Other legislation should be introduced to remove rural or urban distinctions from Nonconforming Loan Funds for FY'82 and thereafter as administered through this agency.

9. The Task Force encourages the Alaska Housing Finance Corporation to consider a program of delegated underwriting as described in a staff paper submitted to the Task Force. A recommendation is offered for the AHFC Board to prepare such a program after receiving suggestions from mortgage bankers, home builders, and other affected members of the public.

10. The Task Force recommends regional housing information offices be opened in Fairbanks and Juneau as well as maintenance of rural field offices in Bethel, Nome, Kotzebue, and Dillingham within Community and Regional Affairs, Housing Assistance Division.

11. The Task Force has identified the following housing related issues for further consideration and in need of in-depth investigation by another group charged with more specific responsibilities: forward commitments; reservation system for funding; shared appreciation mortgages; third party programs for participation, bridging sales and interest rate buy-downs; discount points; conventional and uniform underwriting standards; clear and concise lending and approval procedures; apportionment and restructuring of the various housing related boards; development of a housing interagency liason; masterplan for rental, low-income and special needs housing; develop incentive programs for low-income housing projects.

12. The Task Force recommends publication and distribution of existing housing programs information in all public agency locations in Alaska.

13. The Task Force concludes that a comprehensive report on housing issues must include an investigation of low and/or special incomes, elderly and disabled handicapped programs. It was also concluded that further investigation of these complex subjects was necessary. A special committee charged with publication of a Phase II Report has been created by the Task Force to accomplish this further investigation.

14. The Task Force recommends extension of the sunset provision on tax exempt revenue housing bonds known as the Ullman Act. The Governor and the Legislature are asked to convey this recommendation to our Congressional Delegation in Washington, D.C.

RECOMMENDATIONS AND NARRATIVE STATEMENTS

ALASKA HOUSING FINANCE FUND

Recommendation #1: The Governor and the Legislature should create a revolving loan fund entitled the Alaska Housing Finance Fund (AHFF). This fund should be administered by the Department of Revenue.

Narrative: The Task Force has concurred in recommending the establishment of Alaska Housing Finance Fund, a revolving loan fund to be established within the confines of the Department of Revenue. It is our recommendation that Alaska Housing Finance Fund (AHFF) be the source of funding for all housing programs including those of Alaska Housing Finance Corporation, Alaska Industrial Development Authority, Housing Assistance Division of Community and Regional Affairs, Alaska State Housing Authority, Division of Business Loans of the Department of Commerce and such other appropriate agencies. We believe the most effective use of the funds for housing could be obtained by having AHFF established as the central source and depository for funding of all of the housing programs in the state of Alaska.

Administration of AHFF would be by the Department of Revenue under the direction of the Commissioners of Revenue, Community and Regional Affairs, and Commerce, together with the Directors of the various agencies directly involved in the funding of housing plus appropriate public members. This policy board would meet on a regular basis to establish the priorities for investment of housing funds by AHFF. Hands-on management would be accomplished by the Department of Revenue.

AHFF would be a revolving fund to receive mortgage principal repayments, mortgage interest and other receipts not pledged to pay bond debt service of all the above agencies. Money so received and held by the Fund could be spent for any of its authorized purposes including, of course, the making of additional mortgage loans. All appropriations for the financing of housing would be deposited with the Fund and the Fund would reserve any excess subsidy appropriations not spent in a particular fiscal year which might otherwise lapse.

The Fund would be authorized to borrow, pledge its assets, issue bonds, notes of indebtedness, collect funds, invest monies and do whatever else is necessary to enhance the growth and development of the Fund. Its purpose would be simply to provide a vehicle for