

LEG. FINANCE - BILLS 1983 - 1984 1902

HB 385 - HB 388

1902

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

5/20/83

Date: 6-1-83

Mr. Speaker:

The Committee on FINANCE has had HB 335

"An Act relating to the issuance of tax exempt, state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HR 385 (LOANS) 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

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
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MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature]

[Signature]

CHAIRMAN

Offered: 5/20/83
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 385 (Loans)

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 the issuance of tax-exempt,
7 state-guaranteed revenue bonds by the Alaska Housing
8 Finance Corporation to finance mortgages for qualify-
9 ing veterans under AS 18.56; and providing for an
10 effective date."

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

12 * Section 1. For the purpose of assisting the Alaska Housing Finance
13 Corporation to provide money for the purchase of mortgages made for resi-
14 dences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of
15 the Alaska Housing Finance Corporation are unconditionally guaranteed as to
16 principal and interest by the state in the principal amount of not more
17 than \$500,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general
20 obligation of the State of Alaska. A statement of this pledge must be
21 printed on the face of the bonds and must be signed in manual or facsimile
22 form by the governor. The provisions of AS 37.15 do not apply to the
23 bonds. The bonds shall be sold by the Alaska Housing Finance Corporation
24 under AS 18.56 at public sale in amounts and at times approved by the state
25 bond committee. The guarantee authorized by this section is in addition to
26 the guarantee authorized by sec. 5, ch. 35, SLA 1982.

27 * Sec. 2. If the question set out in sec. 4 of this Act is approved by
28 the qualified voters of the state who vote on the question, the Alaska
29 Housing Finance Corporation may issue not more than the principal amount of

1 \$500,000,000 of its revenue bonds that are unconditionally guaranteed as to
2 principal and interest by the state, the proceeds of which are to be ex-
3 pended by the Alaska Housing Finance Corporation to provide money for the
4 purchase of mortgages made for residences for qualifying veterans under
5 AS 18.56. The authorization in this section to issue bonds is in addition
6 to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA
7 1982.

8 * Sec. 3. As used in this Act, a qualifying veteran is a person who is
9 a "qualified veteran" as that term is defined or may be subsequently de-
10 fined under 26 U.S.C. 103(A) (Mortgage Subsidy Bond Tax Act of 1980).

11 * Sec. 4. The question of whether the state guaranty of bonds referred
12 to in this Act shall be made shall be submitted to the qualified voters of
13 the state at a special election to be held on November 8, 1983, and shall
14 read substantially as follows:

15 PROPOSITION

16 State Guaranteed Veterans Residential
17 Mortgage Bonds \$500,000,000

18 Shall the State of Alaska unconditionally guarantee
19 as a general obligation of the state, the payment
20 of principal of and interest on revenue bonds of
21 the Alaska Housing Finance Corporation issued in the
22 principal amount of not more than \$500,000,000 for
23 the purpose of purchasing mortgages made for resi-
24 dences for qualifying veterans, as defined by law?

25 Bonds Yes []

26 Bonds No []

27 * Sec. 5. The director of the division of elections shall conduct a
28 special election on November 8, 1983, to present to the voters the question
29 described in sec. 4 of this Act. The director shall conduct the special

1 election in accordance with the procedures generally applicable to general
2 elections under AS 15.

3 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

Brief Analysis on the Fiscal Note
for
HB 385
AHFC Special Election

(100) Personal Services

265.2

This election will require the addition of 30 temporary employees including the absentee ballot staff. It also requires that seven PPT employees switch to PFT for the months prior to the election. The requested sum also allows for the overtime necessary to effectively plan and conduct this election on such short notice.

(200) Travel

87.2

Any statewide election requires that election board training be conducted throughout the state at the precinct level. Other travel considerations allow for the trooper escorted transportation of voted ballots and travel associated with the programming of the statewide vote counting system.

Travel costs are derived from \$83 costs and a 6% inflation figure. An additional \$10.0 is included to cover the transportation of ballots and programmer related travel.

(300) Contractual Services

716.5

The largest anticipated cost in this category is for the payment of the thousands of election board members who are involved statewide on election day (\$279.6). The division must also pay the various counting teams, review boards, and election night personnel (\$45.3).

The division's advertising costs (96.8) are the second largest expense. Public notice of the election is published at least twice in every newspaper in the state. Ads giving polling place locations, absentee balloting information, and voter assistance are printed statewide.

Data processing services (82.5) include programming costs, testing, and data processing charge backs.

Printing costs (79.1) includes the cost of ballot printing and election forms.

Communication expenses (55.8) include long distance phone calls, the installation of data base lines for election night, zenith numbers, and postage.

Equipment lease/rentals (34.8) include lease of 11 card readers, 7 telecopiers, polling place equipment, and the lease for the use of the Municipal Utilities System computer in Fairbanks.

Other expenses are the rental of polling places, (20.0) and freight (22.6).

(400) Commodities

12.6

The only commodities considered in the fiscal note are those supplies provided to 447 polling places.

TOTAL

1081.5

The following individuals may testify on CS HB 385
(Loans):

Representative Rick Uehling, Chair, House Committee on
Loans

A representative of the Alaska Housing Finance
Corporation

Mary Lou Meiners, Director, Division of Elections



LAWS OF ALASKA

1982

Source

CCSSB 593

Chapter No.

35

• AN ACT

Relating to the Alaska Housing Finance Corporation and bonds issued by the Alaska Housing Finance Corporation; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA

THE ACT FOLLOWS ON PAGE 1, LINE 10

FILE COPY

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: May 17, 1982
Actual Effective Date: Sections 1 - 4, take effect May 18, 1982; Sections 5 - 10 take effect on the adoption by the Twelfth Legislature of a version of a resolution that places a proposed constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans, on a general election ballot for approval by the voters of the state.

AN ACT

Relating to the Alaska Housing Finance Corporation and bonds issued by the Alaska Housing Finance Corporation; and providing for an effective date.

* Section 1. AS 18.56.098(h) is amended to read:

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section.

* Sec. 2. AS 18.56.110(g) is amended to read:

(g) Notwithstanding AS 18.56.090(12) and (a) of this section, the corporation may not issue bonds, other than refunding bonds, in any 12-month period beginning after June 30, 1983 [1982], in an amount that exceeds the amount of bonds authorized to be issued during the preceding period, unless a different amount is authorized by the legislature.

* Sec. 3. In addition to the amount authorized by sec. 48, ch. 115, SLA 1981, the Alaska Housing Finance Corporation may issue bonds in the principal amount of \$210,000,000 during the fiscal year ending June 30, 1982.

Chapter 35

* Sec. 4. The Alaska Housing Finance Corporation may issue bonds in the principal amount of \$980,000,000 during the fiscal year ending June 30, 1983.

* Sec. 5. For the purpose of assisting the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of the Alaska Housing Finance Corporation may be unconditionally guaranteed as to principal and interest by the state in the principal amount of not more than \$400,000,000. The full faith, credit, and resources of the state are pledged to the paymer of the principal and interest on these bonds and the principal and interest on the bonds is secured by the general obligation of the State of Alaska. This statement shall be printed on the face of the bonds and shall be signed in manual or facsimile form by the governor. The provisions of AS 37.15 do not apply to the bonds. The bonds shall be sold by the Alaska Housing Finance Corporation under AS 18.56 at public sale in amounts and at times approved by the state bond committee.

* Sec. 6. If the question set out in sec. 8 of this Act is approved by the qualified voters of the state who vote on the question, the Alaska Housing Finance Corporation may issue not more than the principal amount of \$400,000,000 of its revenue bonds that are unconditionally guaranteed as to principal and interest by the state, the proceeds of which shall be expended by the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans under AS 18.56.

* Sec. 7. As used in this Act a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may be subsequently defined under the Mortgage Subsidy Bond Tax Act of 1980.

* Sec. 8. The question of whether or not the state guaranty of bonds referred to in this Act shall be made shall be submitted to the qualified voters of the state at the first general election after the effective date of this Act and shall read substantially as follows:

PROPOSITION

State Guaranteed Veterans Residences
Mortgage Bonds \$400,000,000

Shall the State of Alaska unconditionally guarantee the principal and interest on revenue bonds of the Alaska Housing Finance Corporation issued for the purpose of purchasing mortgages made for residences for qualifying veterans, as described below:

Bonds Yes []
Bonds No []

* Sec. 9. The state may not guarantee bonds unless the voters of the state approve an amendment to art. IX of the Constitution of the State of Alaska that allows the state to guarantee housing loans for veterans.

* Sec. 10. If the voters of the state do not approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska, the state shall not be allowed to contract debt for housing loans for veterans. If the proposed amendment appears on a general election ballot, the provisions of this Act are repealed.

* Sec. 11. Sections 5 - 10 of this Act take effect on the date of the Twelfth Legislature of a version of a resolution of the Legislature of the State of Alaska to allow the state to contract debt for housing loans for veterans on a general election ballot for approval by the voters of the state.

* Sec. 12. Sections 1 - 4 of this Act take effect on the date of the effective date of AS 11.10.070(c).

PROPOSITION

State Guaranteed Veterans Residential
Mortgage Bonds \$400,000,000

Shall the State of Alaska unconditionally guarantee as a general obligation of the state, the payment of principal and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than \$400,000,000 for the purpose of purchasing mortgage made for residences for qualifying veterans, as defined by law?

Bonds Yes []

Bonds No []

* Sec. 9. The state may not guarantee bonds under this Act unless the voters of the state approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska that allows the state to contract debt for housing loans for veterans.

* Sec. 10. If the voters of the state do not approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska that allows the state to contract debt for housing loans for veterans the first time the proposed amendment appears on a general election ballot, secs. 5 - 8 of this Act are repealed.

* Sec. 11. Sections 5 - 10 of this Act take effect on the adoption by the Alaska Legislature of a version of a resolution that places a proposed constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans, on a general election ballot for approval by the voters of the state.

* Sec. 12. Sections 1 - 4 of this Act take effect immediately in accordance with AS 01.10.070(c).

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 28, 1983

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which relates to the sale of state-guaranteed bonds for the veterans mortgage program.

In the 1982 general election, the voters authorized the sale of \$400,000,000 in state-guaranteed revenue bonds by the Alaska Housing Finance Corporation for the veterans mortgage program under AS 18.56. The program has proven to be more popular than expected, and, as a consequence, the current \$400,000,000 authorization will be exhausted approximately 10 months before the next general election (November 1984). Without authority to sell additional amounts of state-guaranteed revenue bonds, it will cost the corporation substantially more, an approximate seven-fold increase, to offer eligible veterans the benefits available under the veterans mortgage program. This bill provides for a special election on October 4, 1983 to present to the voters the question of whether to authorize the sale of an additional \$500,000,000 in state-guaranteed revenue bonds. If voter approval is obtained, the corporation will have sufficient bonding authority to implement the veterans mortgage program in the most cost-efficient fashion until the general election in November 1984.

Sincerely,

Bill Sheffield
Bill Sheffield
Governor

Alaska

HOUSING



FINANCE CORPORATION

FILE COPY

May 17, 1983

The Honorable Rick Uehling
Chairman, House Special
Committee on Loans
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Rick:

The Corporation estimates that the \$400 million general obligation bond authorization for the Veterans Mortgage Program (the "Program") will be exhausted by the end of February 1984. Without legislation authorizing a special election to be held in 1983 approving additional bonding, the Corporation would be unable to operate the Program from March 1984 until January 1985 (additional authorization at a November 1984 general election would allow a subsequent January 1985 bond sale).

If you assume that the Veterans Mortgage Program is not demand expansive, but rather represents a re-allocation of funding sources for residences from the Corporation's Taxable First Mortgage Program to the Veterans Mortgage Program, the potential gap from March 1984 to January 1985 could mean a substantial increase in the actual subsidy costs associated with the Corporation's financing activities during this period. The Corporation's FY 84 capital budget request reflects a subsidy cost for the Taxable First Mortgage Program of approximately \$25 million per \$100 million of mortgages financed. The estimates for the Veterans Mortgage Program are \$11 million per \$100 million of mortgages financed. This represents a savings of \$14 million per \$100 million of mortgage activity diverted to the lower cost tax exempt financed program. The Corporation is requesting legislation for additional bond authorization in the amount of \$500 million. If this entire amount is utilized, assuming a non-expansive program, the subsidy reduction would approximate \$70 million during the gap period.

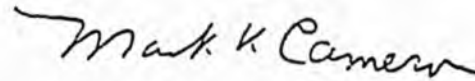
The Corporation's FY 84 capital budget request assumes \$200 million in Veterans Mortgage Program Bonds. Due to increased mortgage demand over that anticipated for the Program, of the \$400 million current authorization only \$150 million will be available during FY 84. The \$50 million shortfall will result in an approximate FY 84 subsidy increase of \$7.0 million.

The Honorable Rick Uehling
May 17, 1983
Page 2

The FY 84 capital budget request assumes approximately 20 percent of the mortgage loan activity will occur in the Veterans Mortgage Program (a historical percentage for state veterans qualifying for the 1 percent rate reduction). The \$500 million additional authorization request assumes, however, a continuation of recent percentages for applications by "qualified veterans" under the general obligation Veterans Mortgage Program which has averaged approximately 34 percent.

Attached is a more detailed numerical analysis of the effect of HB 385 on the subsidy requirements of the Special Mortgage Loan Purchase Program.

Sincerely,



Mark K. Cameron
Finance Director

MKC/de

P.O. Box 1020, Anchorage, Alaska 99510

TO: Michael S. Lynch
Executive Director

DATE: April 5, 1983

FROM: Mark K. Cameron
Finance Director

SUBJECT: ANALYSIS OF STATE GUARANTEED VETERANS MORTGAGE LOAN DEMAND AND
ASSOCIATED BONDING REQUIREMENTS

During the previous Legislative Session CCSSB 593 was approved and signed into law authorizing a \$400 million bond proposition to be placed on the ballot for the November 1982 general election. The Bond proposition was approved by the voters with 118,874 yes votes (63.90%) and 67,168 no votes (36.10%).

The \$400 million submitted for approval by the voters was a low side estimate based upon a total available mortgage pool of \$450 million providing funds for a two year period. With a total projected annual demand for all first mortgage programs of \$900 million, with 25% of such activity qualifying under the State Veterans program, this legislative bond authorization would have been sufficient. Several unanticipated factors have influenced the actual demand experienced to date under the program and an October 1983 special election is recommended for approval of a \$500 million State Guaranteed Bonds Veterans Mortgage Program bond authorization. The additional \$500 million is estimated to be sufficient to meet program demand through December 31, 1984. The bond authorization for calendar years 1985 and 1986 will be presented to the voters in the November 1984 general election subsequent to 1984 Legislative approval.

As indicated in the attached Summary of Financing Requirements, both the total first mortgage activity and the percentage of such activity occurring in the Veterans program has been in excess of that originally projected. The shortfall of bond authorization for the calendar years 1983 and 1984 as presented aggregates \$447,590,030.

This projection is based upon activity experienced during the four week period from March 7, 1983, to April 1, 1983. March 1982 activity was 72 percent of the average for that calendar year while March 1981 activity was 88 percent of the average for the calendar year 1981. Based upon the brief history of the Special Mortgage Loan Purchase Program the projected shortfall should be on the low side since the four week activity used in the analysis was not "annualized". There is no clear consensus as to whether the demand experienced during recent months will subside or increase in the following months resulting in July through September being the "peak" demand periods as has generally been the case. It is also uncertain whether the current percentage of application under the Veterans Program represents a surge in demand

Michael S. Lynch
April 5, 1983
Page 2

resulting from its recent implementation or can be assumed to be maintained in long term forecasts. Prior to implementation of the program, the Corporation estimated that 30 percent to 35 percent of the first mortgage activity would be submitted through the Veterans program. The 33.99 percent experienced during the previous four weeks is consistent with the estimates and there is little reason to believe that it should settle in below 30 percent on an ongoing basis.

I recommend the amount of the requested additional bond authorization be \$500 million to cover any slight potential increase over estimated activity based upon March 1983 applications.

de

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF FINANCING REQUIREMENTS
State Guaranteed Veterans Bonds

Funds Available for Commitment (4/01/83)	\$(11,526,002)
Projected Activity through 12/31/83 *(40 wks.)	(339,103,925)
Projected Activity from 1/1/84 through 12/31/84* (52 wks.)	<u>\$(440,835,103)</u>
Mortgage Demand Necessary to be Funded through 12/31/84	<u>\$(791,465,030)</u>
Remaining Bond Authorization	\$ 350,000,000
Required Additional Authorization	447,590,030
Less Estimated Discount on Bonds (1.75%)	<u>(6,125,000)</u>
	<u>\$ 791,465,030</u>

* Projection based upon average 3/07/83 through 4/01/83 four week activity at 95% acceptance level (\$8,477,598 per week)

January to December 1982 Approved Commitments
Average \$60,876,283 March \$43,885,950 (72%)

January to December 1981 Approved Commitments
Average \$73,848,125 March \$64,754,050 (88%)

State Guaranteed Veterans Applications for Week Ending:

	<u>Number</u>	<u>Dollar</u>
1/31/83 - 2/04/83	12	\$1,333,350
2/07/83 - 2/11/83	49	5,325,050
2/14/83 - 2/18/83	73	7,772,550
2/21/83 - 2/25/83	56	6,027,300
2/28/83 - 3/04/83	77	8,414,300
3/07/83 - 3/11/83	75	8,753,200
3/14/83 - 3/18/83	82	9,333,300
3/21/83 - 3/25/83	89	9,626,450
3/28/83 - 4/01/83	73	7,982,200

Prior 4 weeks applications:

All First Mortgage Programs	100%	\$105,022,050
State Guaranteed Veterans	33.99%	\$ 35,695,150

Alaska HOUSING FINANCE CORPORATION



May 17, 1983

The Honorable Rick Uehling
Chairman, House Special
Committee on Loans
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Rick:

The Corporation estimates that the \$400 million general obligation bond authorization for the Veterans Mortgage Program (the "Program") will be exhausted by the end of February 1984. Without legislation authorizing a special election to be held in 1983 approving additional bonding, the Corporation would be unable to operate the Program from March 1984 until January 1985 (additional authorization at a November 1984 general election would allow a subsequent January 1985 bond sale).

If you assume that the Veterans Mortgage Program is not demand expansive, but rather represents a re-allocation of funding sources for residences from the Corporation's Taxable First Mortgage Program to the Veterans Mortgage Program, the potential gap from March 1984 to January 1985 could mean a substantial increase in the actual subsidy costs associated with the Corporation's financing activities during this period. The Corporation's FY 84 capital budget request reflects a subsidy cost for the Taxable First Mortgage Program of approximately \$25 million per \$100 million of mortgages financed. The estimates for the Veterans Mortgage Program are \$11 million per \$100 million of mortgages financed. This represents a savings of \$14 million per \$100 million of mortgage activity diverted to the lower cost tax exempt financed program. The Corporation is requesting legislation for additional bond authorization in the amount of \$500 million. If this entire amount is utilized, assuming a non-expansive program, the subsidy reduction would approximate \$70 million during the gap period.

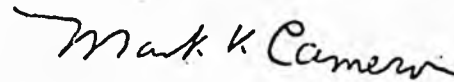
The Corporation's FY 84 capital budget request assumes \$200 million in Veterans Mortgage Program Bonds. Due to increased mortgage demand over that anticipated for the Program, of the \$400 million current authorization only \$150 million will be available during FY 84. The \$50 million shortfall will result in an approximate FY 84 subsidy increase of \$7.0 million.

The Honorable Rick Uehling
May 17, 1983
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The FY 84 capital budget request assumes approximately 20 percent of the mortgage loan activity will occur in the Veterans Mortgage Program (a historical percentage for state veterans qualifying for the 1 percent rate reduction). The \$500 million additional authorization request assumes, however, a continuation of recent percentages for applications by "qualified veterans" under the general obligation Veterans Mortgage Program which has averaged approximately 34 percent.

Attached is a more detailed numerical analysis of the effect of HB 385 on the subsidy requirements of the Special Mortgage Loan Purchase Program.

Sincerely,



Mark K. Cameron
Finance Director

M. U./de

ALASKA HOUSING FINANCE CORPORATION

Additional Veterans GO Bond Authorization
(in Millions)

Effect on FY 84 Capital Budget for Special Mortgage Loan Purchase Program

As presented Capital Budget Supporting Documents (April 28, 1983 version)(1)

Anticipated Veterans Bonding	\$200
Available Authorization without HB 385	<u>150</u>
	50
Difference in Subsidy Ratios (25% - 11%)*	x <u>.14%</u>
	<u>\$7.0</u>

Assuming No Decrease in Veterans Activity

Anticipated Veterans Bonding	\$400
Available Authorization without HB 385	<u>150</u>
	250
Differenece in Subsidy Ratios (25% - 11%)*	x <u>.14%</u>
	<u>\$35.0</u>

Effect on Actual Subsidy Costs (FY 84 and FY 85 combined)
At Varying Activity Levels(1)

<u>Total Demand</u> (1/84 to 1/85)	<u>Subsidy Differential</u> (25% Taxable - 11% Vets GO)*	<u>Incremental Subsidy Cost</u>		
		<u>Total</u>	<u>FY 84</u>	<u>FY 85</u>
\$500	14%	\$70	\$30	\$40
\$400	14%	\$56	\$24	\$32
\$300	14%	\$42	\$18	\$24

(1) Assumes exhaustion of Veterans GO Bond authorization would not result in a reduction of total demand but rather a reallocation of funding sources from the lower cost to tax exempt Veterans bonds to the taxable program.

(2) Subsidy ratios as reflected in the Capital Budget Supporting Documents (April 28, 1983 version).

P.O. Box 1020, Anchorage, Alaska 99510

TO: Michael S. Lynch
Executive Director

DATE: April 5, 1983

FROM: Mark K. Cameron
Finance Director

SUBJECT: ANALYSIS OF STATE GUARANTEED VETERANS MORTGAGE LOAN DEMAND AND
ASSOCIATED BONDING REQUIREMENTS

During the previous Legislative Session CCSSB 593 was approved and signed into law authorizing a \$400 million bond proposition to be placed on the ballot for the November 1982 general election. The Bond proposition was approved by the voters with 118,874 yes votes (63.90%) and 67,168 no votes (36.10%).

The \$400 million submitted for approval by the voters was a low side estimate based upon a total available mortgage pool of \$450 million providing funds for a two year period. With a total projected annual demand for all first mortgage programs of \$900 million, with 25% of such activity qualifying under the State Veterans program, this level of bond authorization would have been sufficient. Several unanticipated factors have influenced the actual demand experienced to date under the program and an October 1983 special election is recommended for approval of a \$500 million State Guaranteed Bonds Veterans Mortgage Program bond authorization. The additional \$500 million is estimated to be sufficient to meet program demand through December 31, 1984. The bond authorization for calendar years 1985 and 1986 will be presented to the voters in the November 1984 general election subsequent to 1984 Legislative approval.

As indicated in the attached Summary of Financing Requirements, both the total first mortgage activity and the percentage of such activity occurring in the Veterans program has been in excess of that originally projected. The shortfall of bond authorization for the calendar years 1983 and 1984 as presented aggregates \$447,590,030.:

This projection is based upon activity experienced during the four week period from March 7, 1983, to April 1, 1983. March 1982 activity was 72 percent of the average for that calendar year while March 1981 activity was 88 percent of the average for the calendar year 1981. Based upon the brief history of the Special Mortgage Loan Purchase Program the projected shortfall should be on the low side since the four week activity used in the analysis was not "annualized". There is no clear consensus as to whether the demand experienced during recent months will subside or increase in the following months resulting in July through September being the "peak" demand periods as has generally been the case. It is also uncertain whether the current percentage of applications under the Veterans Program represents a surge in demand

Michael S. Lynch
April 5, 1983
Page 2

resulting from its recent implementation or can be assumed to be maintained in long term forecasts. Prior to implementation of the program, the Corporation estimated that 30 percent to 35 percent of the first mortgage activity would be submitted through the Veterans program. The 33.99 percent experienced during the previous four weeks is consistent with the estimates and there is little reason to believe that it should settle in below 30 percent on an ongoing basis.

I recommend the amount of the requested additional bond authorization be \$500 million to cover any slight potential increase over estimated activity based upon March 1983 applications.

de

ALASKA HOUSING FINANCE CORPORATION

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Projected Activity from 1/1/84 through 12/31/84* (52 wks.)	<u>\$(440,835,103)</u>
Mortgage Demand Necessary to be Funded through 12/31/84	<u><u>\$(791,465,030)</u></u>
Remaining Bond Authorization	\$ 350,000,000
Required Additional Authorization	447,590,030
Less Estimated Discount on Bonds (1.75%)	<u>(6,125,000)</u>
	<u><u>\$ 791,465,030</u></u>

* Projection based upon average 3/07/83 through 4/01/83 four week activity at 95% acceptance level (\$8,477,598 per week)

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State Guaranteed Veterans Applications for Week Ending:

	<u>Number</u>	<u>Dollar</u>
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2/14/83 - 2/18/83	73	7,772,550
2/21/83 - 2/25/83	56	6,027,300
2/28/83 - 3/04/83	77	8,414,300
3/07/83 - 3/11/83	75	8,753,200
3/14/83 - 3/18/83	82	9,333,300
3/21/83 - 3/25/83	89	9,626,450
3/28/83 - 4/01/83	73	7,982,200

Prior 4 weeks applications:

All First Mortgage Programs	100%	\$105,022,050
State Guaranteed Veterans	33.99%	\$ 35,695,150

Veterans Mortgage Program

Alaska
HOUSING
FINANCE
CORPORATION

To apply under this program, federal regulations require that individuals must be veterans as defined by the United States code.

Features

Maximum Loan Amount

Single-Family Residence	\$160,500
Duplex	205,200
Triplex	247,650
Four-Plex	307,950

Minimum Down Payment

Single-Family and Duplexes	
Residences	5%
Triplexes and Four-Plexes	
Residences	10%

Eligible Properties

Owner-occupied single-family dwellings (including condominiums and units in a PUD) and multi-family dwellings up to and including four-plexes. If the residence is a multi-family dwelling, then all units must have been occupied as such for at least 5 years. For example, if the dwelling is a four-plex, it must have been occupied as a four-plex for 5 years.

VA guaranteed loans are allowed. However, down payments and maximum loan amounts will vary. Check with your lender for details.

Type of Loan

The ABE mortgage structure applies to the Veterans Program. Under this type of mortgage, the interest rate is fixed, however, there are moderate increases to the mortgage payment in years four through nine. These increases are applied to the principal balance on the loan. Therefore, the loan is repaid in approximately 18 years. A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying a Home in the Future?"

Other Criteria

In November of 1982, the voters passed a constitutional amendment and a



bond proposition that allowed AHFC to issue tax-exempt bonds for the purpose of financing homes for qualified veterans. Since this program is regulated by the U.S. Department of Treasury, IRS, the borrower(s) must meet certain criteria to qualify.

1. The borrower(s) must be a qualified veteran. Temporary regulations of the IRS have impacted the meaning of "veteran" as defined in 38 U.S.C. 101(2). In order to apply under this program, the borrower(s) must submit documentation that they are a veteran under the federal definition.

A Certificate of Eligibility or a letter from the Federal Veterans Administration will be accepted as evidence of meeting this requirement. In some instances, it may take thirty (30) to sixty (60) days to obtain the Certificate of Eligibility. Therefore, if you are planning on applying under this program, you may want to start the process beforehand, as AHFC will not process any applications without the appropriate documentation.

2. Not more than 15% of the dwelling may be used for business or trade

(other than for renting one of the units, if the residence is a multi-family dwelling) and no portion of the property may be specifically designed for commercial use.

3. The borrower must occupy the residence or one unit of the residence as their primary dwelling. In addition, the loan must be paid in full, if you cease to occupy the residence or sell or transfer your ownership interest in the property.

4. Refinancing is prohibited under the Program. The proceeds of the loan must be used for new financing.

5. Excess land may not be financed. The real estate upon which the residence is located must be reasonably required to maintain the basic livability of the residence.

Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC rate on the Veterans Program.

Special Mortgage Loan Purchase Program Conventional Loan



The largest and most commonly utilized program is AHFC's Conventional or Regular Program.

Features

Maximum Loan Amount

Single-Family
Residence \$160,500
Two-Family Residence . \$205,200

Minimum Down Payment 5%

Eligible Property

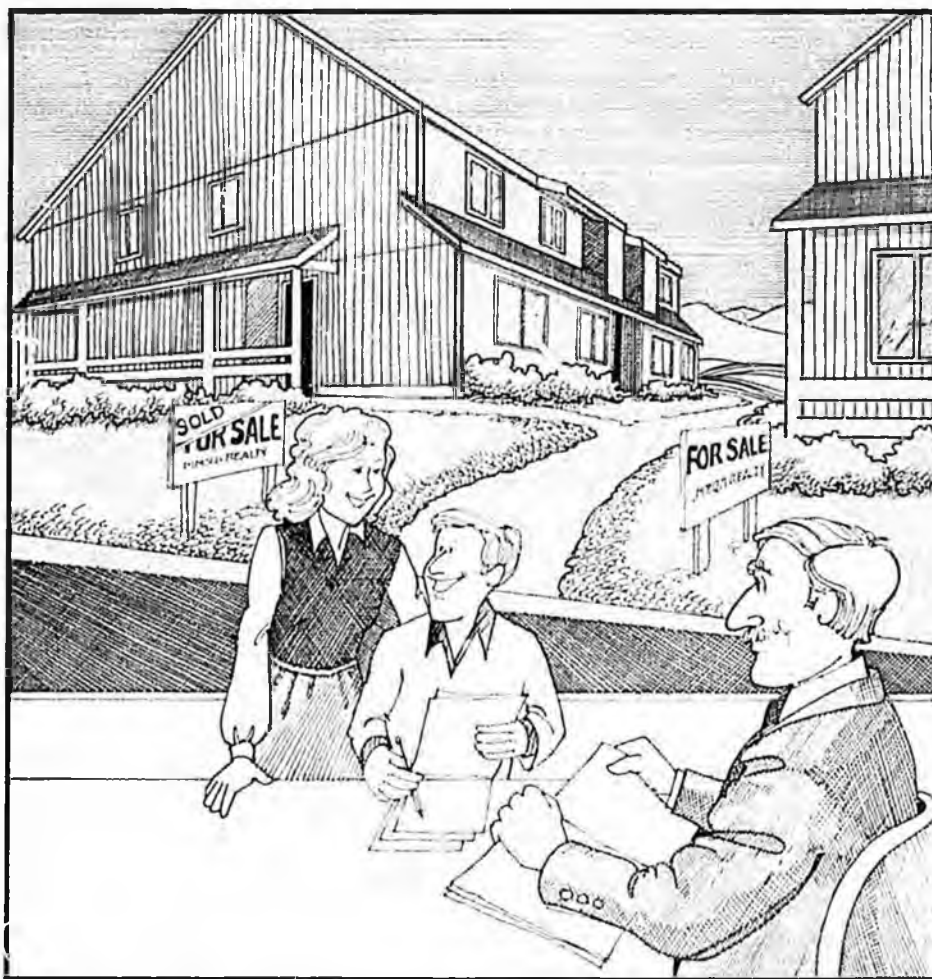
Owner-occupied single-family or duplex dwelling, including owner-occupied condominium units or units in a planned unit development (PUD).

VA guaranteed loans are allowed; however, down payments and maximum loan amounts will vary. The current maximum loan amount is \$135,000. Check with your lender for details.

Type of Loan

Alaska Housing Finance Corporation utilizes a mortgage loan referred to as the Alaska Building Equity (ABE) Mortgage. There are many positive features to the ABE mortgage. The interest rate remains fixed for the entire life of the mortgage. Although there are moderate increases to the mortgage payment during the years four through nine, the borrower knows exactly what the monthly payments will be for the entire life of the mortgage. Since the interest rate remains fixed, all increases are applied to the principal balance, thus increasing the borrower's equity and repaying the loan within approximately sixteen years.

A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying A Home In The Future?"



Interest Rates

Interest rates charged by AHFC have been established by the Legislature and these rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first \$90,000 of the mortgage loan. For any portion above \$90,000, the borrower

is required to pay the cost AHFC pays to obtain its funds. Since AHFC interest rates are directly tied to the cost the Corporation must pay to obtain the funds, interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.

REMARKS OF ESTHER C. WUNNICKE, COMMISSIONER OF THE
DEPARTMENT OF NATURAL RESOURCES, AT THE HOUSE FINANCE
COMMITTEE MEETING ON CSSB 128 (Marine Parks)
1 June 1983

Mr. Chairman and members of the Committee, thank you for hearing the Administration's position on the proposed marine parks system. It is a pleasure for me to be here today in support of this bill. I am accompanied by Neil Johannsen, Director of the Division of Parks.

When the marine parks proposal came before the Senate Resources Committee earlier during this session, Governor Sheffield expressed his enthusiastic support for it.

Alaskans need a marine park system to serve those who enjoy the excellent recreational opportunities of our ocean waterways and islands. The proposed legislation will help meet this need without foreclosing most other uses of the affected lands and waters. It does this by assuring access to privately held lands and mineral claims and by assuring continued hunting and fishing in these areas. It also, of course, protects valid existing rights.

Favorable action on this bill will allow us to establish a system of marine parks without the large acquisition costs often associated with parks legislation in other states. Recent changes in land ownership and management on Prince William Sound remind us that what have been accepted as

recreational lands can be converted to other uses. Establishment of these twelve parks will protect recreational areas while the opportunity to protect is clearly ours.

Within the Department of Natural Resources, our divisions have worked closely together to balance the various needs -- recreation, development, and settlement -- in the marine parks issue. We have taken care to excise from the bill any areas with likely mineral potential, and the bill has been amended, with our support, to exclude areas that will be studied for settlement potential. The result of our work within the Department and then with the Legislature is a balanced bill that deserves the full support of your Committee and the House.

Thank you. Neil Johannsen might want to add to my remarks, and then we would be pleased to respond to any questions you have.

MARINE PARKS INFORMATION

The marine parks legislation (CSSB 128) now before the House Finance Committee:

- * would create 12 marine parks in Prince William Sound and Southeast Alaska;
- * would protect these areas -- totalling approximately 15,000 acres -- mostly for recreational uses and fish and wildlife habitat protection;
- * would preserve private land ownership and mineral claims within the parks;
- * includes strong access provisions for future development;
- * protects hunting and fishing opportunities;
- * was passed by the Senate on 11 April by 13-5;
- * was passed out of the House Resources Committee with 7 do-pass recommendations;
- * is supported by sportsmen and other citizen groups;
- * would provide statutory designation of lands selected by the state for their recreational potential;
- * is strongly supported by local governments, such as the City of Whittier; and
- * would add Alaskan units to the international marine park system that includes 80 units in coastal British Columbia and Washington State.

COMPARISON OF VERSIONS
OF SB 128
(Marine Parks)

	Units (Prince Wm/ Southeast)	Acreage (land/water)	Access Language	Hunting and fishing	Development of adjacent lands and inholdings
SB 128 orig.	9 Pr Wm 5 Southeast <u>14 total</u>	16,055 land 25,775 water <u>41,830 total</u>	Protects ac- cess to priv. owned land.	Firearms dis- charge permitted by regulation.	Protects use of privately owned land. Standard incompatible use prohibition.
SB 128 am (Senate- passed)	9 Pr Wm 5 Southeast <u>14 total</u>	16,055 land 25,775 water <u>41,830 total</u>	Comm'r to permit adeq. & feas. access to & from pri- vate land if nec. for de- velopment. Protects hunting and fishing access.	Discharge per- mitted exc. for public safety closures.	Aquaculture must be considered a compatible use.
CSSB 128 (House Resources)	7 Pr Wm 5 Southeast <u>12 total</u>	14,440 land 23,070 water <u>37,150 total</u>	Also protects access to min- eral claims & leases, with regulations to protect natu- ral values.	Fishing and hunting not to be considered incompatible uses.	Adds letter of intent to ensur development of associated fac- ilities where necessitated by development, and to allow study of park and settlement potential at Decision Point and Entry Cove.

1 JUNE 1983.

Introduced: 4/28/83
Referred: House Special Committee
on State Loans and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 385

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 the issuance of tax-exempt,
7 state-guaranteed revenue bonds by the Alaska Housing
8 Finance Corporation to finance mortgages for qualify-
9 ing veterans under AS 18.56; and providing for an
10 effective date."

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

12 * Section 1. For the purpose of assisting the Alaska Housing Finance
13 Corporation to provide money for the purchase of mortgages made for resi-
14 dences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of
15 the Alaska Housing Finance Corporation are unconditionally guaranteed as to
16 principal and interest by the state in the principal amount of not more
17 than \$500,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general
20 obligation of the State of Alaska. A statement of this pledge must be
21 printed on the face of the bonds and must be signed in manual or facsimile
22 form by the governor. The provisions of AS 37.15 do not apply to the
23 bonds. The bonds are to be sold by the Alaska Housing Finance Corporation
24 under AS 18.56 at public sale in amounts and at times approved by the state
25 bond committee. The guarantee authorized by this section is in addition to
26 the guarantee authorized by sec. 5, ch. 35, SLA 1982.

27 * Sec. 2. If the question set out in sec. 4 of this Act is approved by
28 the qualified voters of the state who vote on the question, the Alaska
29 Housing Finance Corporation may issue not more than the principal amount of

1 \$500,000,000 of its revenue bonds that are unconditionally guaranteed as to
2 principal and interest by the state, the proceeds of which are to be ex-
3 pended by the Alaska Housing Finance Corporation to provide money for the
4 purchase of mortgages made for residences for qualifying veterans under
5 AS 18.56. The authorization in this section to issue bonds is in addition
6 to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA
7 1982.

8 * Sec. 3. As used in this Act, a qualifying veteran is a person who is
9 a "qualified veteran" as that term is defined or may be subsequently
10 defined under the Mortgage Subsidy Bond Tax Act of 1980.

11 * Sec. 4. The question of whether the state guaranty of bonds referred
12 to in this Act shall be made shall be submitted to the qualified voters of
13 the state at a special election to be held on October 4, 1983, and shall
14 read substantially as follows:

15 PROPOSITION

16 State Guaranteed Veterans Residential

17 Mortgage Bonds \$500,000,000

18 Shall the State of Alaska unconditionally guarantee
19 as a general obligation of the state, the payment
20 of principal of and interest on revenue bonds of
21 the Alaska Housing Finance Corporation issued in the
22 principal amount of not more than \$500,000,000 for
23 the purpose of purchasing mortgages made for resi-
24 dences for qualifying veterans, as defined by law?

25 Bonds Yes []

26 Bonds No []

27 * Sec. 5. The director of the division of elections shall conduct a
28 special election on October 4, 1983, to present to the voters the question
29 described in sec. 4 of this Act. The director shall conduct the special

1 election in accordance with the procedures generally applicable to general
2 elections under AS 15.

3 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

Offered: 5/20/83
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 385 (Loans)

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 the issuance of tax-exempt,
7 state-guaranteed revenue bonds by the Alaska Housing
8 Finance Corporation to finance mortgages for qualify-
9 ing veterans under AS 18.56; and providing for an
10 effective date."

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

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13 Corporation to provide money for the purchase of mortgages made for resi-
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16 principal and interest by the state in the principal amount of not more
17 than \$500,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general
20 obligation of the State of Alaska. A statement of this pledge must be
21 printed on the face of the bonds and must be signed in manual or facsimile
22 form by the governor. The provisions of AS 37.15 do not apply to the
23 bonds. The bonds shall be sold by the Alaska Housing Finance Corporation
24 under AS 18.56 at public sale in amounts and at times approved by the state
25 bond committee. The guarantee authorized by this section is in addition to
26 the guarantee authorized by sec. 5, ch. 35, SLA 1982.

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* Sec. 2. If the question set out in sec. 4 of this Act is approved by
28 the qualified voters of the state who vote on the question, the Alaska
29 Housing Finance Corporation may issue not more than the principal amount of

1 \$500,000,000 of its revenue bonds that are unconditionally guaranteed as to
2 principal and interest by the state, the proceeds of which are to be ex-
3 pended by the Alaska Housing Finance Corporation to provide money for the
4 purchase of mortgages made for residences for qualifying veterans under
5 AS 18.56. The authorization in this section to issue bonds is in addition
6 to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA
7 1982.

8 * Sec. 3. As used in this Act, a qualifying veteran is a person who is
9 a "qualified veteran" as that term is defined or may be subsequently de-
10 fined under 26 U.S.C. 103(A) (Mortgage Subsidy Bond Tax Act of 1980).

11 * Sec. 4. The question of whether the state guaranty of bonds referred
12 to in this Act shall be made shall be submitted to the qualified voters of
13 the state at a special election to be held on November 8, 1983, and shall
14 read substantially as follows:

15 PROPOSITION

16 State Guaranteed Veterans Residential

17 Mortgage Bonds \$500,000,000

18 Shall the State of Alaska unconditionally guarantee
19 as a general obligation of the state, the payment
20 of principal of and interest on revenue bonds of
21 the Alaska Housing Finance Corporation issued in the
22 principal amount of not more than \$500,000,000 for
23 the purpose of purchasing mortgages made for resi-
24 dences for qualifying veterans, as defined by law?

25 Bonds Yes []

26 Bonds No []

27 * Sec. 5. The director of the division of elections shall conduct a
28 special election on November 8, 1983, to present to the voters the question
29 described in sec. 4 of this Act. The director shall conduct the special

1 election in accordance with the procedures generally applicable to general
2 elections under AS 15.

3 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

COMMITTEE REPORT
SENATE

FURTHER:

6/15/83

Date: 6/16/83

Mr. President:

The Committee on FINANCE has had CSRB 385 (Loans)

Issuance of tax-exempt, state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; eff. date.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bob Brundage

[Signature]

 CHAIRMAN

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HE 385

April 28, 1983

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which relates to the sale of state-guaranteed bonds for the veterans mortgage program.

In the 1982 general election, the voters authorized the sale of \$400,000,000 in state-guaranteed revenue bonds by the Alaska Housing Finance Corporation for the veterans mortgage program under AS 18.56. The program has proven to be more popular than expected, and, as a consequence, the current \$400,000,000 authorization will be exhausted approximately 10 months before the next general election (November 1984). Without authority to sell additional amounts of state-guaranteed revenue bonds, it will cost the corporation substantially more, an approximate seven-fold increase, to offer eligible veterans the benefits available under the veterans mortgage program. This bill provides for a special election on October 4, 1983 to present to the voters the question of whether to authorize the sale of an additional \$500,000,000 in state-guaranteed revenue bonds. If voter approval is obtained, the corporation will have sufficient bonding authority to implement the veterans mortgage program in the most cost-efficient fashion until the general election in November 1984.

Sincerely,

Bill Sheffield
Bill Sheffield
Governor

I. **REQUEST** Page 1 of 4
 Bill/Resolution No: HB 385
 Title: AHFC bonds for Vet home loans.
 Sponsor: Governor
 Requestor: _____

II. **FISCAL DETAIL**
 Agency Affected: Office of the Governor
 Program Category Affected: Exec. Operation
 BRU, Program of Subprogram(s) Affected: Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	265.2	-	-	-	-
200 TRAVEL	-	87.2	-	-	-	-
300 CONTRACTUAL	-	716.5	-	-	-	-
400 COMMODITIES	-	12.6	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	1081.5	-	-	-	-

CAPITAL	-	-	-	-	-	-
----------------	---	---	---	---	---	---

REVENUE	-	-	-	-	-	-
----------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
Interagency Receipts from						
AHFC Program Receipts	-	1081.5	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	7	-	-	-	-
TEMPORARY	-	30	-	-	-	-
	-	-	-	-	-	-

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

The cost will be funded from AHFC program receipts rather than the general fund. If the bill passes, AHFC would enter into a Reimbursable Services Agreement (RSA) with the Division of Elections. If the bond proposition passes, the expense could be included as a cost of issuance for the bonds. If the proposition were to fail, the expense would have to be borne by AHFC.

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

Dana C. Coffman, Deputy Director, Div. of Elections

Prepared By: Denna Cline, Special Assistant

Phone: 276-5599

Division: Alaska Housing Finance Corporation

Date: 4/11/83

Approved by Commissioner: Kelly D. Heath

Date: 4/11/83

Department: HOUSING

Distribution:

Original to Legislative Finance

Copy to Office of Management and Budget (for Legislature introduced bills)

Copy to Department (for Governor introduced bills)

Copy to Sponsor

Copy to Requestor (if different from Sponsor)

FISCAL NOTE ANALYSIS

"An Act relating to the issuance of tax-exempt, State-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; and providing for an effective date."

Assumptions:

1. Fiscal note is based on the assumption that the election will be held on November 8, 1983, rather than October 4, 1983.
2. Efforts to hold this election on the same day as a municipal election will result in problems as each municipality operates under different procedures, resulting in the need to have two election boards at each of those polling places conducting a municipal election.
3. Holding the election on the same day as the municipal elections will not result in an appreciable savings to the state.
4. This election will be conducted in accordance with the procedures specified in AS 15, requiring the same expenditures as those incurred during a statewide primary or general election.
5. In comparison, the actual and estimated costs of various elections follow:

\$1,398.8	1982 Primary	(actual cost)
\$1,682.5	1982 General	(actual cost)
\$1,200.0	Special Election - Susitna Project	(estimated cost)
*\$1,047.6	Presidential Preference Primary	(estimated cost)

* The estimation of the cost of this election is slightly lower since some of the election related costs are also included in the estimated costs of the 1984 Primary and General Election.

Brief Analysis on the Fiscal Note
for
HB 385
AHFC Special Election

(Page 3 of 4)

(100) Personal Services

265.2

This election will require the addition of 30 temporary employees including the absentee ballot staff. It also requires that seven PPT employees switch to PFT for the months prior to the election. The requested sum also allows for the overtime necessary to effectively plan and conduct this election on such short notice.

(200) Travel

87.2

Any statewide election requires that election board training be conducted throughout the state at the precinct level. Other travel considerations allow for the trooper escorted transportation of voted ballots and travel associated with the programming of the statewide vote counting system.

Travel costs are derived from FY 83 costs and a 6% inflation figure. An additional \$10.0 is included to cover the transportation of ballots, and programmer related travel.

(300) Contractual Services

716.5

The largest anticipated cost in this category is for the payment of the thousands of election board members who are involved statewide on election day (\$279.6). The division must also pay the various counting teams, review boards, and election night personnel (\$45.3).

The division's advertising costs (96.8) are the second largest expense. Public notice of the election is published at least twice in every newspaper in the state. Ads giving polling place locations, absentee balloting information, and voter assistance are printed statewide.

Data processing services (82.5) include programming costs, testing, and data processing charge backs.

Printing costs (79.1) includes the cost of ballot printing and election forms.

Communication expenses (55.8) include long distance phone calls, the installation of data base lines for election night zenith numbers, and postage.

Equipment lease/rentals (34.8) include lease of 11 card readers, 7 telecopiers, polling place equipment, and the lease for the use of the Municipal Utilities System computer in Fairbanks.

Other expenses are the rental of polling places, (20.0) and freight (22.6).

(400) Commodities 12.6

The only commodities considered in the fiscal note are those supplies provided to 447 polling places.

TOTAL 1081.5

Alaska

HOUSING



FINANCE CORPORATION

HB 385

FILE COPY

May 17, 1983

The Honorable Rick Uehling
Chairman, House Special
Committee on Loans
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Rick:

The Corporation estimates that the \$400 million general obligation bond authorization for the Veterans Mortgage Program (the "Program") will be exhausted by the end of February 1984. Without legislation authorizing a special election to be held in 1983 approving additional bonding, the Corporation would be unable to operate the Program from March 1984 until January 1985 (additional authorization at a November 1984 general election would allow a subsequent January 1985 bond sale).

If you assume that the Veterans Mortgage Program is not demand expansive, but rather represents a re-allocation of funding sources for residences from the Corporation's Taxable First Mortgage Program to the Veterans Mortgage Program, the potential gap from March 1984 to January 1985 could mean a substantial increase in the actual subsidy costs associated with the Corporation's financing activities during this period. The Corporation's FY 84 capital budget request reflects a subsidy cost for the Taxable First Mortgage Program of approximately \$25 million per \$100 million of mortgages financed. The estimates for the Veterans Mortgage Program are \$11 million per \$100 million of mortgages financed. This represents a savings of \$14 million per \$100 million of mortgage activity diverted to the lower cost tax exempt financed program. The Corporation is requesting legislation for additional bond authorization in the amount of \$500 million. If this entire amount is utilized, assuming a non-expansive program, the subsidy reduction would approximate \$70 million during the gap period.

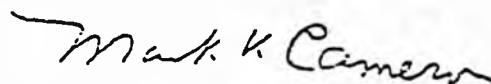
The Corporation's FY 84 capital budget request assumes \$200 million in Veterans Mortgage Program Bonds. Due to increased mortgage demand over that anticipated for the Program, of the \$400 million current authorization only \$150 million will be available during FY 84. The \$50 million shortfall will result in an approximate FY 84 subsidy increase of \$7.0 million.

The Honorable Rick Uehling
May 17, 1983
Page 2

The FY 84 capital budget request assumes approximately 20 percent of the mortgage loan activity will occur in the Veterans Mortgage Program (a historical percentage for state veterans qualifying for the 1 percent rate reduction). The \$500 million additional authorization request assumes, however, a continuation of recent percentages for applications by "qualified veterans" under the general obligation Veterans Mortgage Program which has averaged approximately 34 percent.

Attached is a more detailed numerical analysis of the effect of HB 385 on the subsidy requirements of the Special Mortgage Loan Purchase Program.

Sincerely,



Mark K. Cameron
Finance Director

MRC/de

ALASKA HOUSING FINANCE CORPORATION

Additional Veterans GO Bond Authorization
(in Millions)

Effect on FY 84 Capital Budget for Special Mortgage Loan Purchase Program

As presented Capital Budget Supporting Documents (April 28, 1983 version)(1)

Anticipated Veterans Bonding	\$200
Available Authorization without HB 385	150
	<u>50</u>
Difference in Subsidy Ratios (25% - 11%)*	x <u>.14%</u>
	<u>\$7.0</u>

Assuming No Decrease in Veterans Activity

Anticipated Veterans Bonding	\$400
Available Authorization without HB 385	150
	<u>250</u>
Differenece in Subsidy Ratios. (25% - 11%)*	x <u>.14%</u>
	<u>\$35.0</u>

Effect on Actual Subsidy Costs (FY 84 and FY 85 combined)
At Varying Activity Levels(1)

<u>Total Demand</u> (1/84 to 1/85)	<u>Subsidy Differential</u> (25% Taxable - 11% Vets GO)*	<u>Incremental Subsidy Cost</u>		
		<u>Total</u>	<u>FY 84</u>	<u>FY 85</u>
\$500	14%	\$70	\$30	\$40
\$400	14%	\$56	\$24	\$32
\$300	14%	\$42	\$18	\$24

(1) Assumes exhaustion of Veterans GO Bond authorization would not result in a reduction of total demand but rather a reallocation of funding sources from the lower cost to tax exempt Veterans bonds to the taxable program.

(2) Subsidy ratios as reflected in the Capital Budget Supporting Documents (April 28, 1983 version).

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF FINANCING REQUIREMENTS
State Guaranteed Veterans Bonds

Funds Available for Commitment (4/01/83)	\$(11,526,002)
Projected Activity through 12/31/83 *(40 wks.)	(339,103,925)
Projected Activity from 1/1/84 through 12/31/84* (52 wks.)	<u>\$(440,835,103)</u>
Mortgage Demand Necessary to be Funded through 12/31/84	<u><u>\$(791,465,030)</u></u>
Remaining Bond Authorization	\$ 350,000,000
Required Additional Authorization	447,590,030
Less Estimated Discount on Bonds (1.75%)	<u>(6,125,000)</u>
	<u><u>\$ 791,465,030</u></u>

* Projection based upon average 3/07/83 through 4/01/83 four week activity at 95% acceptance level (\$8,477,598 per week)

January to December 1982 Approved Commitments
Average \$60,876,283 March \$43,585,950 (72%)

January to December 1981 Approved Commitments
Average \$73,848,125 March \$64,754,050 (88%)

State Guaranteed Veterans Applications for Week Ending:

	<u>Number</u>	<u>Dollar</u>
1/31/83 - 2/04/83	12	\$1,333,350
2/07/83 - 2/11/83	49	5,325,050
2/14/83 - 2/18/83	73	7,772,550
2/21/83 - 2/25/83	56	6,027,300
2/28/83 - 3/04/83	77	8,414,300
3/07/83 - 3/11/83	75	8,753,200
3/14/83 - 3/18/83	82	9,333,300
3/21/83 - 3/25/83	89	9,626,450
3/28/83 - 4/01/83	73	7,982,200

Prior 4 weeks applications:

All First Mortgage Programs	100%	\$105,022,050
State Guaranteed Veterans	33.99%	\$ 35,695,150

Veterans Mortgage Program

Alaska
HOUSING
FINANCE
CORPORATION

To apply under this program, federal regulations require that individuals must be veterans as defined by the United States code.

Features

Maximum Loan Amount

Single-Family Residence	\$160,500
Duplex	205,200
Triplex	247,650
Four-Plex	307,950

Minimum Down Payment

Single-Family and Duplexes Residences	5%
Triplexes and Four-Plexes Residences	10%

Eligible Properties

Owner-occupied single-family dwellings (including condominiums and units in a PUD) and multi-family dwellings up to and including four-plexes. If the residence is a multi-family dwelling, then all units must have been occupied as such for at least 5 years. For example, if the dwelling is a four-plex, it must have been occupied as a four-plex for 5 years.

VA guaranteed loans are allowed. However, down payments and maximum loan amounts will vary. Check with your lender for details.

Type of Loan

The ABE mortgage structure applies to the Veterans Program. Under this type of mortgage, the interest rate is fixed, however, there are moderate increases to the mortgage payment in years four through nine. These increases are applied to the principal balance on the loan. Therefore, the loan is repaid in approximately 18 years. A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying a Home in the Future?"

Other Criteria

In November of 1982, the voters passed a constitutional amendment and a



bond proposition that allowed AHFC to issue tax-exempt bonds for the purpose of financing homes for qualified veterans. Since this program is regulated by the U.S. Department of Treasury, IRS, the borrower(s) must meet certain criteria to qualify.

1. The borrower(s) must be a qualified veteran. Temporary regulations of the IRS have implemented the meaning of "veteran" as defined in 38 U.S.C. 101(2). In order to apply under this program, the borrower(s) must submit documentation that they are a veteran under the federal definition.

A Certificate of Eligibility or a letter from the Federal Veterans Administration will be accepted as evidence of meeting this requirement. In some instances, it may take thirty (30) to sixty (60) days to obtain the Certificate of Eligibility. Therefore, if you are planning on applying under this program, you may want to start the process beforehand, as AHFC will not process any applications without the appropriate documentation.

2. Not more than 15% of the dwelling may be used for business or trade

(other than for renting one of the units, if the residence is a multi-family dwelling) and no portion of the property may be specifically designed for commercial use.

3. The borrower must occupy the residence or one unit of the residence as their primary dwelling. In addition, the loan must be paid in full, if you cease to occupy the residence or sell or transfer your ownership interest in the property.

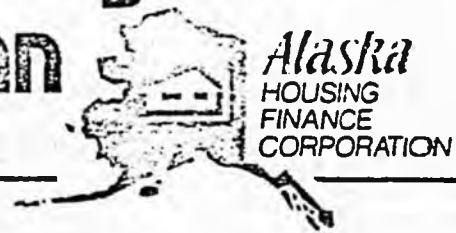
4. Refinancing is prohibited under the Program. The proceeds of the loan must be used for new financing.

5. Excess land may not be financed. The real estate upon which the residence is located must be reasonably required to maintain the basic livability of the residence.

Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC rate on the Veterans Program.

Special Mortgage Loan Purchase Program Conventional Loan



*The largest and most commonly utilized program
is AHFC's Conventional or Regular Program.*

Features

Maximum Loan Amount

Single-Family

Residence \$160,500

Two-Family Residence . \$205,200

Minimum Down Payment 5%

Eligible Property

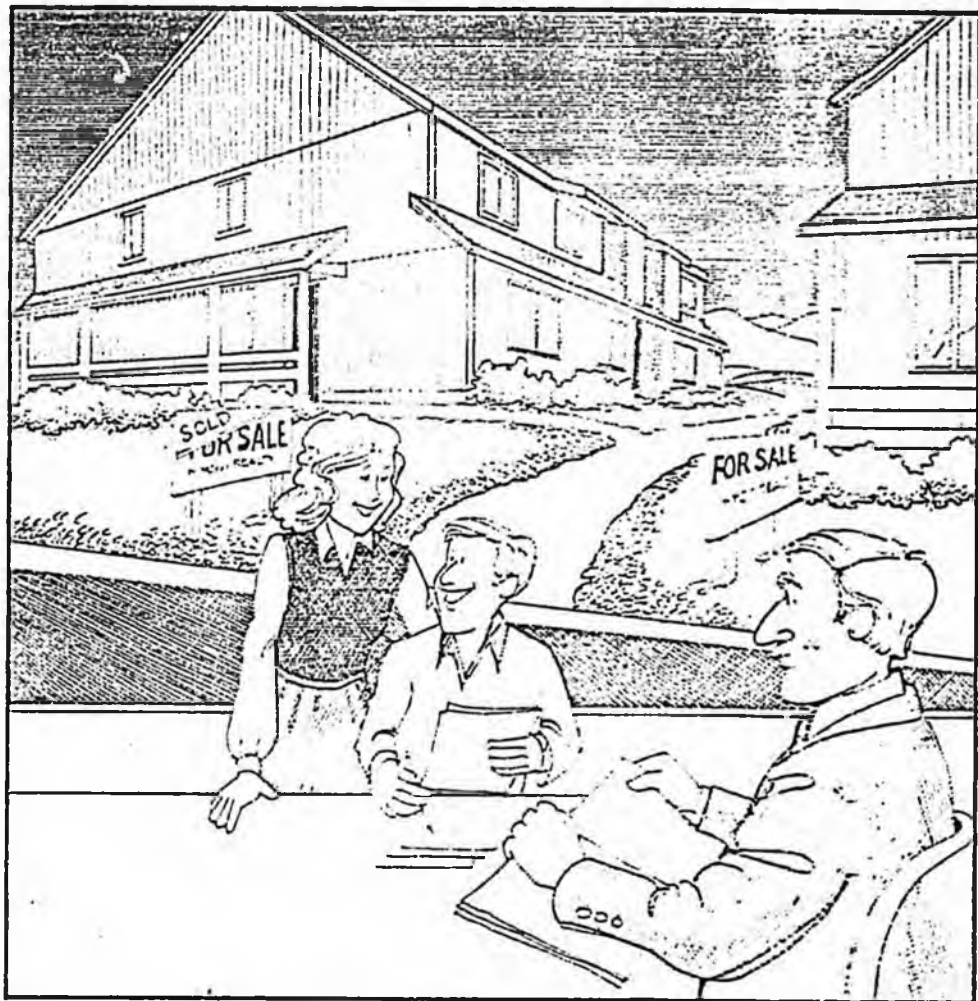
Owner-occupied single-family or duplex dwelling, including owner-occupied condominium units or units in a planned unit development (PUD).

VA guaranteed loans are allowed; however, down payments and maximum loan amounts will vary. The current maximum loan amount is \$135,000. Check with your lender for details.

Type of Loan

Alaska Housing Finance Corporation utilizes a mortgage loan referred to as the Alaska Buying Equity (ABE) Mortgage. There are many positive features to the ABE mortgage. The interest rate remains fixed for the entire life of the mortgage. Although there are moderate increases to the mortgage payment during the years four through nine, the borrower knows exactly what the monthly payments will be for the entire life of the mortgage. Since the interest rate remains fixed, all increases are applied to the principal balance, thus increasing the borrower's equity as he repays the loan within approximately sixteen years.

A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying A Home In The Future?"



Interest Rates

Interest rates charged by AHFC have been established by the Legislature and these rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first \$90,000 of the mortgage loan. For any portion above \$90,000, the borrower

is required to pay the cost AHFC pays to obtain its funds. Since AHFC interest rates are directly tied to the cost the Corporation must pay to obtain the funds, interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.

P.O. Box 1020, Anchorage, Alaska 99510

TO: Michael S. Lynch
Executive Director

DATE: April 5, 1983

FROM: Mark K. Cameron
Finance Director

SUBJECT: ANALYSIS OF STATE GUARANTEED VETERANS MORTGAGE LOAN DEMAND AND
ASSOCIATED BONDING REQUIREMENTS

During the previous Legislative Session CCSSB 593 was approved and signed into law authorizing a \$400 million bond proposition to be placed on the ballot for the November 1982 general election. The Bond proposition was approved by the voters with 118,874 yes votes (63.90%) and 67,168 no votes (36.10%).

The \$400 million submitted for approval by the voters was a low side estimate based upon a total available mortgage pool of \$450 million providing funds for a two year period. With a total projected annual demand for all first mortgage programs of \$900 million, with 25% of such activity qualifying under the State Veterans program, this level of bond authorization would have been sufficient. Several unanticipated factors have influenced the actual demand experienced to date under the program and an October 1983 special election is recommended for approval of a \$500 million State Guaranteed Bonds Veterans Mortgage Program bond authorization. The additional \$500 million is estimated to be sufficient to meet program demand through December 31, 1984. The bond authorization for calendar years 1985 and 1986 will be presented to the voters in the November 1984 general election subsequent to 1984 Legislative approval.

As indicated in the attached Summary of Financing Requirements, both the total first mortgage activity and the percentage of such activity occurring in the Veterans program has been in excess of that originally projected. The shortfall of bond authorization for the calendar years 1983 and 1984 as presented aggregates \$447,590,030.

This projection is based upon activity experienced during the four week period from March 7, 1983, to April 1, 1983. March 1982 activity was 72 percent of the average for that calendar year while March 1981 activity was 88 percent of the average for the calendar year 1981. Based upon the brief history of the Special Mortgage Loan Purchase Program the projected shortfall should be on the low side since the four week activity used in the analysis was not "annualized". There is no clear consensus as to whether the demand experienced during recent months will subside or increase in the following months resulting in July through September being the "peak" demand periods as has generally been the case. It is also uncertain whether the current percentage of application under the Veterans Program represents a surge in demand

Michael S. Lynch
April 5, 1983
Page 2

resulting from its recent implementation or can be assumed to be maintained in long term forecasts. Prior to implementation of the program, the Corporation estimated that 30 percent to 35 percent of the first mortgage activity would be submitted through the Veterans program. The 33.99 percent experienced during the previous four weeks is consistent with the estimates and there is little reason to believe that it should settle in below 30 percent on an ongoing basis.

I recommend the amount of the requested additional bond authorization be \$500 million to cover any slight potential increase over estimated activity based upon March 1983 applications.

de

Offered: 5/20/83
Referred: Finance

Original sponsor: Rules/Governor

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 385 (Loans)

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 the issuance of tax-exempt,
7 state-guaranteed revenue bonds by the Alaska Housing
8 Finance Corporation to finance mortgages for qualify-
9 ing veterans under AS 18.56; and providing for an
10 effective date."

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

12 * Section 1. For the purpose of assisting the Alaska Housing Finance
13 Corporation to provide money for the purchase of mortgages made for resi-
14 dences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of
15 the Alaska Housing Finance Corporation are unconditionally guaranteed as to
16 principal and interest by the state in the principal amount of not more
17 than \$500,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general
20 obligation of the State of Alaska. A statement of this pledge must be
21 printed on the face of the bonds and must be signed in manual or facsimile
22 form by the governor. The provisions of AS 37.15 do not apply to the
23 bonds. The bonds shall be sold by the Alaska Housing Finance Corporation
24 under AS 18.56 at public sale in amounts and at times approved by the state
25 bond committee. The guarantee authorized by this section is in addition to
26 the guarantee authorized by sec. 5, ch. 35, SLA 1982.

27 * Sec. 2. If the question set out in sec. 4 of this Act is approved by
28 the qualified voters of the state who vote on the question, the Alaska
29 Housing Finance Corporation may issue not more than the principal amount of

1 \$500,000,000 of its revenue bonds that are unconditionally guaranteed as to
2 principal and interest by the state, the proceeds of which are to be ex-
3 pended by the Alaska Housing Finance Corporation to provide money for the
4 purchase of mortgages made for residences for qualifying veterans under
5 AS 18.56. The authorization in this section to issue bonds is in addition
6 to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA
7 1982.

8 * Sec. 3. As used in this Act, a qualifying veteran is a person who is
9 a "qualified veteran" as that term is defined or may be subsequently de-
10 fined under 26 U.S.C. 103(A) (Mortgage Subsidy Bond Tax Act of 1980).

11 * Sec. 4. The question of whether the state guaranty of bonds referred
12 to in this Act shall be made shall be submitted to the qualified voters of
13 the state at a special election to be held on November 8, 1983, and shall
14 read substantially as follows:

15 PROPOSITION

16 State Guaranteed Veterans Residential

17 Mortgage Bonds \$500,000,000

18 Shall the State of Alaska unconditionally guarantee
19 as a general obligation of the state, the payment
20 of principal of and interest on revenue bonds of
21 the Alaska Housing Finance Corporation issued in the
22 principal amount of not more than \$500,000,000 for
23 the purpose of purchasing mortgages made for resi-
24 dences for qualifying veterans, as defined by law?

25 Bonds Yes []

26 Bonds No []

27 * Sec. 5. The director of the division of elections shall conduct a
28 special election on November 8, 1983, to present to the voters the question
29 described in sec. 4 of this Act. The director shall conduct the special

1 election in accordance with the procedures generally applicable to general
2 elections under AS 15.

3 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

Offered: 5/20/83
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 385 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

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17 than \$500,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general
20 obligation of the State of Alaska. A statement of this pledge must be
21 printed on the face of the bonds and must be signed in manual or facsimile
22 form by the governor. The provisions of AS 37.15 do not apply to the
23 bonds. The bonds shall be sold by the Alaska Housing Finance Corporation
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25 bond committee. The guarantee authorized by this section is in addition to
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23 the purpose of purchasing mortgages made for res-
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25 Bonds Yes []

26 Bonds No []

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4 10.070(c).

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

5/19/83

Date: 5-18-83

Mr. Speaker:

The Committee on FINANCE has had HB 388

"An Act repealing the state estate tax; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 388 (Finance) same title
- new title
- and recommends individual recommendations
- 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 P. Adams

T. H. Mouton

Raymond

Raymond

WILB H. RITZ

MEMBERS HAVING
OTHER RECOMMENDATIONS:

John Ponderosa - Amend T. get

more for the state

Albert P. Adams

CHAIRMAN

Original sponsors: Tischer, Barnes,
Bettisworth, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 388 (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 repealing the state estate tax; and providing
7 for an effective date."

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

9 * Section 1. AS 13.16.610 and AS 43.31 are repealed.

10 * Sec. 2. Estates of decedents dying before the effective date of this
11 Act shall be taxed under the laws in effect before that date.

12 * Sec. 3. This Act takes effect on the effective date of repeal of the
13 federal estate tax.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date April 18, 1984

REQUEST

Bill/Resolution No: CSHB 388 (FIN)
Title: Repeal of state estate tax

Sponsor: Tischer
Requestor: House Finance
Date of Request: April 18, 1984

FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Collection and Management
BRU, Program of Subprogram(s) Affected: Audit Division
Audit Division

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: Maureen O'Brien (Maureen O'Brien)
Division: Audit Division
Approved by Commissioner: [Signature]
Agency: Revenue

Phone: 465-2320
Date: April 18, 1984
Date: 4/18/84

Distribution (by Agency preparing fiscal note):

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

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date April 18, 1984

REQUEST

Bill/Resolution No: CASHB 388 (FIN)
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	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: Maureen O'Brien (Maureen O'Brien)
Division: Audit Division

Phone: 465-2320
Date: April 18, 1984

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 4/18/84

Distribution (by Agency preparing fiscal note):

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

IV Analysis of HB 388

There will be no reduction in state revenues until such time as the federal government repeals its estate tax. Based on a five year average, should the federal tax be repealed Alaska revenues would be reduced approximately \$350,000 per year.

This bill will not materially reduce the workload of the Division since effort expended on administering this tax is minimal.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date April 18, 1984

REQUEST

Bill/Resolution No: CSHB 388
 Title: Repeal of state estate tax
 Sponsor: Tischer
 Requestor: House Finance
 Date of Request: April 18, 1984

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100 PERSONAL SERVICES	-	-	-	-	-	-
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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: Maureen O'Brien (Maureen O'Brien)
 Division: Audit Division

Phone: 465-2320
 Date: April 18, 1984

Approved by Commissioner: [Signature]
 Agency: Revenue

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This bill will not materially reduce the workload of the Division since effort expended on administering this tax is minimal.

Offered: 4/19/84
Referred: Rules

Original sponsors: Tischer, Barnes,
Bettisworth, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 388 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTIETH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act repealing the state estate tax; and providing
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10 * Sec. 2. Estates of decedents dying before the effective date of this
11 Act shall be taxed under the laws in effect before that date.

12 * Sec. 3. This Act takes effect on the effective date of repeal of the
13 federal estate tax.

for original bill

ATC

STATE OF ALASKA
FISCAL NOTE

Revision Date Dec., 1983

I. REQUEST

Bill/Resolution No: HB 388
Title: Repeal of state estate tax
Sponsor: Tischer
Requestor: House Finance

II. FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: Coll & Mgmt
BRU, Program of Subprogram(s) Affected: Audit Division

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	-	-	-	-	-	-
REVENUE	-	(350.0)	(350.0)	(350.0)	-	-

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-	(350.0)	(350.0)	(350.0)	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
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: Robert W. Elliott
Division: Revenue - Research

Phone: 465-2173
Date: 12/01/83

Approved by Commissioner: *[Signature]*
Department: Revenue

Date: 12/19/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

IV. Analysis of HB 388

None of AS 13.16.610 should be repealed as there still is an apportionment of federal estate taxes required.

The repeal of AS 43.31 would reduce general fund tax receipts by approximately \$350,000 per year based on the past five-year average. However, there would be no reduction in the tax paid by the estate. The repeal would only result in the tax being paid to the federal government rather than the Department of Revenue.

This bill would not materially reduce the workload of the Division since effort expended on collecting the tax is minimal.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No: HB 388
 Title: Repeal of state estate tax.
 Sponsor: Tischer
 Requestor: Judiciary Committee

II. FISCAL DETAIL

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

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	-	-	-	-	-	-
REVENUE	-	(300.0)	(300.0)	(300.0)	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

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

The repeal of AS 43.31 would reduce general fund tax receipts by approximately \$300,000 per year based on past the five-year average. However, there would be no reduction in the tax paid by the estate. The repeal would only result in the tax being paid to the Federal Government rather than the Department of Revenue.

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

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 Division: Revenue - Research

Phone: 465-2173
 Date: 5/12/83

Approved by Commissioner: Joseph J. Donohue
 Department: Revenue

Date: _____

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

IV. Analysis

None of AS 13.16.610 should be repealed as there still is an apportionment of federal estate taxes required.

Chapter 30. Inheritance and Transfer Taxes.

[Repealed, § 1 ch 24 SLA 1970.]

Chapter 31. Alaska Estate Tax.

Section	Section
11. Tax upon estates of resident decedents	221. Personal liability of executor
21. Tax upon estates of nonresident decedents	230. Sale of real estate by executor to pay tax
31. Tax upon estates of alien decedents	240. Actions to enforce payment
41. Administration by Department of Revenue	250. No discharge of executor until tax paid
51. Examination of books, papers, records, etc.	260. Agreements as to tax due
61. Appointment, bonds and credentials of agents	280. Refunds of excess tax paid
71. Regulations	290. Superior court judge to furnish names of decedents
91. Actions by or against department	300. Corporate executors of nonresident decedents
111. Notice of death or tax return	310. Prima facie liability for tax
121. Tax return in certain cases	320. Discharge of estate; notice of lien, limitation, etc.
131. Failure to make return and extension	330. Disposition of proceeds
141. When tax due, extension and interest	340. Interpretation and construction
151. Notice of deficiency in federal estate tax	350. Failure to produce records
181. Receipts for taxes	400. Effectiveness of chapter
191. Failure to pay tax	410. Exemptions
201. Tax payable from entire estates and third persons	420. Definitions
	430. Short title

Revisor's notes.— Enacted as AS 43.30 Renumbered in 1970.

Collateral references. — 72 Am. Jur. 2d, State and Local Taxation, §§ 750 — 752.

85 C.J.S., Taxation, §§ 1111 — 1230.

Constitutionality, construction, and effect of legislative definition of gift or transfer in "contemplation of death," 4 ALR 1523; 7 ALR 1028; 21 ALR 1335; 41 ALR 989; 75 ALR 544; 120 ALR 170; 148 ALR 1051.

Inheritance, succession or estate tax on property covered by power of appointment, 18 ALR 1470; 28 ALR2d 446.

Inheritance tax on absentee's estate, 24 ALR 854.

Tax in state in which personal property (or evidence thereof) belonging to estate of nonresident decedent is found as double taxation, 42 ALR 378; 86 ALR 760.

Business situs of intangibles in state other than domicile of owner as excluding tax at domicile, 79 ALR 344.

Situs of intangibles placed by a trustee domiciled in one jurisdiction with a trustee domiciled in another jurisdiction, 96 ALR 674.

Danger of multiple taxation of decedent's estate inherent in diverse adjudication by courts of different states as to domicile of decedent, 121 ALR 1220.

Rights and remedies as regards estate or succession tax paid or payable by executor or administrator on property not passing under will or coming into his possession, 1 ALR2d 78.

Deductions and credits with respect to succession or estate tax as affected by estate by entirety or other joint estate with right of survivorship, 1 ALR2d 1101.

Illegitimate child as "lineal descendant" and "child" within the provisions of inheritance, succession, or estate tax statutes respecting tax rates, 3 ALR2d 166.

Valuation of property for purposes of estate, succession, or gift tax as affected by contract or bylaw specifying price at which property may or must be sold, purchased, or offered, 5 ALR2d 1122.

Liability of life insurer which pays proceeds of policy direct to beneficiary, for the portion of estate or succession tax attributable to such proceeds, 10 ALR2d 657.

What law governs apportionment of estate taxes among persons interested in estate, 16 ALR2d 1282.

Valuation of corporate stock for purposes of succession, inheritance of estate tax, as affected by quantity involved, 23 ALR2d 775.

Death or divorce of blood relative as affecting relationship by affinity for purposes of inheritance, succession or estate tax, 26 ALR2d 271.

Statutes apportioning or prorating estate taxes, 37 ALR2d 199.

Estate tax consequences of reciprocal trusts, 38 ALR2d 522.

Statutory provision that specified fund or property shall be "exempt from taxation," "exempt from any tax," or the like, as exempting such property from estate or succession taxes, 47 ALR2d 999.

Children of adopted child, or adopted children of natural child, as "lineal descendants" within provisions of inheritance, succession, or estate tax statutes respecting exemption, 541 ALR2d 853.

Accumulations of income in inter vivos trust in favor of third person as subject to estate or succession tax at settlor's death, 55 ALR2d 415.

Dead man statute as applicable to proceedings to determine liability for succession, estate, or inheritance tax, 66 ALR2d 714.

Surviving husband or wife of child who died before decedent as "husband" or "wife" within succession tax law provision as to rates or exemptions, 81 ALR2d 1230.

Interest on refund or credit in absence of specific controlling statute, 88 ALR2d 825.

Inter vivos settlement of disputed claim as consideration within statutes excepting transfers for consideration from estate, succession, or inheritance tax, 13 ALR3d 657.

Renunciation of inheritance, devise, or

legacy as affecting state inheritance, estate, or succession tax, 27 ALR3d 1354.

Valuation of corporate stock for purposes of state gift, inheritance or estate tax, as affected by predetermined price in buy-out or first option agreement among stockholders or with corporation, 58 ALR3d 1104.

Devise or bequest pursuant to testator's contractual obligation as subject to estate, succession, or inheritance tax, 59 ALR3d 969.

Valuation of United States Treasury bonds for state inheritance or estate tax purposes, 62 ALR3d 1272.

Refund of state inheritance or estate tax where claims are proven against estate after tax was paid, 63 ALR3d 924.

Surviving spouse taking elective share as chargeable with estate or inheritance tax, 67 ALR3d 199.

Liability of income beneficiary of trust for proportionate share of estate or inheritance tax in absence of specific direction in statute, will, or other instrument, 67 ALR3d 273.

Ultimate burden of estate tax in absence of statute, will or other provisions, 68 ALR3d 714.

Liability of testamentary trustee for failure to assert claim against executor of testator's estate for mistake resulting in overpayment of taxes, 68 ALR3d 1265.

Construction and effect of will provisions expressly relating to the burden of estate or inheritance taxes, 69 ALR3d 122.

Construction and effect of will provisions not expressly mentioning payment of death taxes but relied on as affecting the burden of estate or inheritance taxes, 70 ALR3d 630.

Construction and effect of provisions in nontestamentary instrument relied upon as affecting the burden of estate or inheritance taxes, 70 ALR3d 691.

Construction and application of statutes apportioning or prorating estate taxes, 71 ALR3d 247.

Remedies and practices under estate tax apportionment statutes, 71 ALR3d 371.

Sec. 43.31.011. Tax upon estates of resident decedents. A tax is imposed upon the transfer of the estate of a person who, at the time of death, was a resident of this state, the amount of which shall be computed as follows:

(1) Determine the amount of the credit allowable under the applicable federal revenue Act for estate, inheritance, legacy and succession taxes actually paid to the several states.

(2) Determine for each of the other states the amount of all constitutionally valid estate, inheritance, legacy and succession taxes, actually paid to each of the other states in respect to property owned by the decedent or subject to these taxes as a part of or in connection with the decedent's estate.

(3) Determine for each other state in which property is located that is owned by the decedent or subject to estate, inheritance, legacy or succession taxes as a part of or in connection with the decedent's estate the proportion of the amount of the credit allowable under the applicable federal revenue Act for estate, inheritance, legacy and succession taxes actually paid to the several states, as the value of the property taxable in that state bears to the value of the entire gross estate wherever situated.

(4) The amount of the tax is the amount of the allowable credit as determined in (1) of this section less the sum of the smaller figures of (2) or (3) of this section for each of the other states in which the decedent's property is situated. For example: The amount of allowable credit under the federal Act is \$10,000 (relating to (1) in this section)

	Amount of Tax Actually Paid (relating to (2) of this section)	Proportion of Credit from Situs of Property (relating to (3) of this section)	Smaller of (2) and (3) of this section
State X	\$3,000	10%—\$1,000	\$1,000
State Y	\$1,000	15%—\$1,500	\$1,000
			\$2,000

The Alaska estate tax is \$10,000 minus \$2,000 equalling \$8,000. (§ 2 ch 24 SLA 1970)

Cross references. — For priority of claims against estate, see AS 13.16.470; for payment of claims, see AS 13.16.480; for apportionment of taxes, see AS 13.16.610.

Sec. 43.31.021. Tax upon estates of nonresident decedents. A tax is imposed upon the transfer of real property situated in this state, upon tangible personal property having an actual situs in this state, upon intangible personal property having a business situs in this state and upon stocks, bonds, debentures, notes and other securities or obligations of corporations organized under the laws of this state, of a person who at the time of death was not a resident of this state but was a resident of the United States, the amount of which shall be a sum equal to that proportion of the amount of the credit allowable under the applicable federal revenue Act for estate, inheritance, legacy and succession taxes actually paid to the several states, as the value of the property taxable in this state bears to the value of the entire gross estate wherever situated. (§ 2 ch 24 SLA 1970)

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Sec. 43.31.031. Tax upon estates of alien decedents. (a) A tax is imposed upon the transfer of real property situated and tangible personal property having an actual situs in this state and upon intangible personal property physically present in this state of a person who at the time of death was not a resident of the United States, the amount of which is a sum equal to that proportion of the credit allowable under the applicable federal revenue Act for estate, inheritance, legacy and succession taxes actually paid to the several states, as the value of the property taxable in this state bears to the value of the estate taxable by the United States wherever situated.

(b) For the purpose of this section, stock in a corporation organized under the laws of this state shall be considered physically present in this state. The amount receivable as insurance upon the life of a decedent who at the time of death was not a resident of the United States, and any money deposited with a person carrying on the banking business by or for the decedent who was not engaged in business in the United States at the time of death, is not for the purpose of this section, considered to be physically present in this state. (§ 2 ch 24 SLA 1970)

Sec. 43.31.041. Administration by Department of Revenue. The Department of Revenue, except as otherwise provided, has jurisdiction and is charged with the administration and enforcement of the provisions of this chapter. (§ 2 ch 24 SLA 1970)

Sec. 43.31.051. Examination of books, papers, records, etc. (a) The department, for the purpose of ascertaining the correctness of a return, or for the purpose of making a return where none has been made, may examine books, papers, records or memoranda, bearing upon the matter required to be included in the return; may require the attendance of persons rendering the return or of an officer or employee of those persons, or of any person having knowledge in the premises, at a convenient place in the superior court in the judicial district in which the person resides, and may take testimony with reference to the matter required by law to be included in the return, and may administer oaths to these persons.

(b) If a person summoned to appear under this chapter to testify, or to produce books, papers, or other data, refuses to do so, the superior court in the judicial district in which the person resides has jurisdiction by appropriate process to compel the attendance, testimony, or production of books, papers, or other data. (§ 2 ch 24 SLA 1970)

Sec. 43.31.061. Appointment, bonds and credentials of agents. (a) The department may appoint and remove examiners and appraisers it considers necessary, these persons to have those duties and powers the department prescribes. The compensation of these examiners and appraisers shall be as the department prescribes, and they shall be reimbursed for travel expenses as provided for state employees.

(b) The department may require the examiners, appraisers and employees as it designates to give bond payable to the state for the faithful performance of their duties in that form and with those sureties as it determines, and all premiums on these bonds shall be paid by the state.

(c) All officers empowered by law to administer oaths or employees, examiners and appraisers appointed by the department may administer an oath to persons giving testimony before them or to take the acknowledgment of a person in respect to the returns or reports required under this chapter.

(d) All employees, examiners and appraisers appointed by the department shall have for identification purposes proper credentials issued by the department and exhibit them upon demand. (§ 2 ch 24 SLA 1970; am § 55 ch 32 SLA 1971)

Sec. 43.31.071. Regulations. The department may adopt regulations not inconsistent with this chapter as it considers necessary to enforce its provisions, and may adopt regulations as are or may be promulgated with respect to the estate tax provisions of the revenue Act of the United States insofar as they are applicable. The department may prescribe forms it considers proper for the administration of this chapter. (§ 2 ch 24 SLA 1970)

Sec. 43.31.081. Information confidential. [Repealed, § 3 ch 166 SLA 1976. For current law, see AS 43.05.230.]

Sec. 43.31.091. Actions by or against department. The department may sue and be sued but may not be required to give supersedeas or other bond in any cause or court of this state. (§ 2 ch 24 SLA 1970)

Sec. 43.31.101. Special appraisers. [Repealed, § 56 ch 32 SLA 1971.]

Sec. 43.31.111. Notice of death or tax return. The executor, within two months after the decedent's death, or within a like period after qualifying as executor, shall give written notice of the death to the department on the form prepared and published by the department known as the preliminary notice and report. If a federal estate tax return is required by the applicable federal revenue Act, a copy of the preliminary notice filed with the federal government may be filed with the department in place of the preliminary notice and report. (§ 2 ch 24 SLA 1970)

Sec. 43.31.121. Tax return in certain cases. The executor of an estate required by the laws of the United States to file a federal estate tax return shall file with the department within 15 months from the date of death a return consisting of an executed copy of the federal estate tax return, and shall file with this return all supplemental data, if any, as may be necessary to determine and establish the correct tax

under this chapter. This return shall be made in the case of every decedent who at the time of death was not a resident of the United States and whose gross estate includes any real property situated and tangible personal property having an actual situs in the state and intangible personal property physically present in the state. (§ 2 ch 24 SLA 1970)

Sec. 43.31.131. Failure to make return and extension. If the federal taxing authorities grant an extension of time for filing a return the department shall allow a like extension of time for filing upon the filing by the executor of a copy of the federal extension with the department. An extension of time for filing a return does not operate to extend the time for payment of the tax. If a person fails to file a return at the time prescribed by law or files, wilfully or otherwise, a false or fraudulent return, the department shall make the return from its own knowledge and from information it can obtain through testimony or otherwise. A return so made by the department shall be prima facie good and sufficient for all legal purposes. (§ 2 ch 24 SLA 1970)

Sec. 43.31.141. When tax due, extension and interest. The tax imposed by this chapter is due and payable 15 months after the decedent's death, and shall be paid by the executor to the department. If the department finds that the payment on the due date of tax or any part of the tax would impose undue hardship upon the estate, the department may extend the time for payment of any part, but no extension may be for more than one year and the aggregate of extensions with respect to an estate may not exceed five years from the due date. In that case the amount in respect of which the extension is granted shall be paid on or before the date of the expiration of the period of the extension unless a further extension is granted. If the time for the payment is extended there shall be collected, as part of this amount, interest on the tax at the rate provided in AS 43.05.225 from the due date of the tax to the date the tax is paid. (§ 2 ch 24 SLA 1970; am § 34 ch 113 SLA 1980)

Effect of amendments. — The 1980 43.05.225" for "of seven percent a year" amendment substituted "provided in AS near the end of the section.

Sec. 43.31.151. Notice of deficiency in federal estate tax. It is the duty of the executor to file with the department within 60 days after a final determination of a deficiency in federal estate tax has been made, written notice of the deficiency. If, based upon this deficiency and the ground for it, it appears that the amount of tax previously paid is less than the amount of tax owing, the difference together with interest at the rate of seven per cent a year from the due date of the tax shall be paid upon notice and demand by the department. If the executor fails to give the notice required by this section, any additional tax owing may be assessed, or a proceeding in court for the collection of the

tax may be begun without assessment at any time before the filing of notice or within 30 days after the delinquent filing of notice, notwithstanding the provisions of AS 43.31.270. (§ 2 ch 24 SLA 1970)

Editor's notes. — AS 43.31.270, repealed by § 4, ch. 94, SLA 1976. For current law, see AS 43.05.260.

Sec. 43.31.161. Deficiency, hearing, and procedure. [Repealed, § 3 ch 166 SLA 1976. For taxpayer remedies, see AS 43.05.240.]

Sec. 43.31.171. Civil penalties. [Repealed, § 45 ch 113 SLA 1980. For current law, see AS 43.05.220.]

Sec. 43.31.181. Receipts for taxes. The department shall issue to the executor, upon payment of the tax imposed by this chapter, receipts in triplicate, any of which is sufficient evidence of payment, and shall entitle the executor to be credited and allowed the amount of the receipt by a court having jurisdiction to audit or settle the accounts of the executor. If the executor files a complete return and makes written application to the department for determination of the amount of the tax and discharge from personal liability, the department, as soon as possible, and in any event within one year after receipt of the application, shall notify the executor of the amount of the tax, and upon payment of the tax the executor shall be discharged from personal liability for any additional tax thereafter found to be due, and is entitled to receive from the department a receipt in writing showing the discharge; however, the discharge does not operate to release the gross estate of the lien of additional tax that may thereafter be found to be due, while the title to the gross estate remains in the executor or in the heirs, devisees, or distributees; but after the discharge is given, no part of the gross estate is subject to lien or to any claim or demand for tax after the title to the estate has passed to a bona fide purchaser for value. (§ 2 ch 24 SLA 1970)

Sec. 43.31.191. Failure to pay tax. (a) If a tax imposed by this chapter or any portion of the tax is unpaid within 90 days after it becomes due, and the time for payment is not extended, the department shall collect the tax, penalty and interest by using the remedy of distraint on real and personal property as set out in AS 43.20.270 or by issuing a warrant directed to the commissioner of public safety commanding the commissioner to

(1) levy upon and sell the real and personal property of the estate found in the state for the payment of the amount of the unpaid tax with interest and penalties, if any, as may have accrued or been assessed against it, together with the cost of executing the warrant; and

(2) return the warrant to the department and pay to it the money collected under it by a time to be specified in the warrant, not less than 60 days from the date of the warrant.

Filing of notice, A 1970)

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(b) The commissioner of public safety shall proceed upon the warrant in all respects, with like effect, in the manner prescribed by law for executions issued against property upon judgments of a court of record. Alias and pluri- r warrants may issue from time to time as the department considers proper until the entire amount of the tax, deficiency, interest, penalties and costs have been recovered. (§ 2 ch 24 SLA 1970; am § 58 ch 32 SLA 1971)

Sec. 43.31.201. Tax payable from entire estates and third persons. If the tax or a part of the tax is paid or collected out of that part of the estate passing to or in possession of a person other than the executor in the capacity of executor, the person is entitled to a reimbursement out of a part of the estate still undistributed or by a just and equitable contribution by the person whose interest in the estate of the decedent would have been reduced if the tax had been paid before the distribution of the estate or whose interest in the estate is subject to an equal or prior liability for the payment of tax, debts, or other charges against the estate, it being the purpose and intent of this section that so far as is practical and unless otherwise directed by the will of the decedent, the tax shall be paid out of the estate before its distribution; but the department is not charged with enforcing contribution from a person. (§ 2 ch 24 SLA 1970)

Sec. 43.31.211. Lien for unpaid taxes. [Repealed, § 4 ch 94 SLA 1976. For current law, see AS 43.10.035(a).]

Sec. 43.31.221. Personal liability of executor. If an executor mak es distribution either in whole or in part of any of the property of an estate to the heirs, next of kin, distributees, legatees or devisees without having paid or secured the tax due the state under this chapter, or obtained the release of the property from the lien of the tax the executor becomes personally liable for the tax so due the state, or so much of it as remains due and unpaid, to the full extent of the full value of any property belonging to the person or estate which may come into the hands, custody or control of the executor. (§ 2 ch 24 SLA 1970)

Sec. 43.31.230. Sale of real estate by executor to pay tax. Every executor has the same right and power to take possession of or sell, convey and dispose of real estate as assets of the estate for the payment of the tax imposed by this chapter as the executor may have for the payment of the debts of the decedent. (§ 2 ch 24 SLA 1970)

Sec. 43.31.240. Actions to enforce payment. Actions may be brought within the time or times specified in this chapter by the department to recover the amount of taxes, penalties and interest due under this chapter. The action shall be brought in the superior court where the estate is being or has been administered, or if no administration is had in this state, then in the appropriate court of the jurisdiction where any of the property of the estate is situated. (§ 2 ch 24 SLA 1970; am § 59 ch 32 SLA 1971)

Sec. 43.31.250. No discharge of executor until tax paid. No final account of an executor of the estate of a nonresident, nor of the estate of a resident where the value of the gross estate wherever situated exceeds \$60,000 may be allowed by any court until the account shows, and the judge of the court finds, that the tax imposed by the provisions of this chapter upon the executor, which has become payable, has been paid. The certificate of the department of nonliability for tax or its receipt for the amount of tax certified is conclusive in proceedings as to the liability or the payment of the tax to the extent of the certificate. (§ 2 ch 24 SLA 1970)

Sec. 43.31.260. Agreements as to tax due. For the purpose of facilitating the settlement and distribution of estates held by executors, the department may, on behalf of the state, agree upon the amount of taxes at any time due or to become due from the executor under the provisions of this chapter, and payment in accordance with the agreement is full satisfaction of the taxes to which the agreement relates. (§ 2 ch 24 SLA 1970)

Sec. 43.31.270. Time for assessment of tax. [Repealed, § 4 ch 94 SLA 1976. For current law, see AS 43.05.260.]

Sec. 43.31.280. Refunds of excess tax paid. (a) When it appears upon the examination of a return made under this chapter or upon proof submitted to the department by the executor, that an amount of estate tax has been paid in excess of the tax legally due under this chapter, then the amount of overpayment, together with any overpayment of interest on it shall be refunded to the executor and this refund shall be made by the department as a matter of course regardless of whether the executor has filed a written claim for it, except that upon request of the department, the executor shall file with the department a conformed copy of any written claim for refund of federal estate tax which has been filed with the United States.

(b) Notwithstanding (a) of this section, no refund of estate tax may be made nor is any executor entitled to bring an action for refund of estate tax after the expiration of two years from the date of payment of the tax to be refunded unless there has been filed with the department written notice of administrative or judicial determination of the federal estate tax liability of the estate, whichever occurs last, and notice shall have been so filed not later than 60 days after determination has become final.

(c) In this section, an administrative determination shall be considered to have become final on the date of receipt by the executor or other interested party of the final payment to be made refunding federal estate tax or upon the last date on which the executor or any other interested party receives notice from the United States that an overpayment of federal estate tax has been credited by the United States against any liability other than federal estate tax of the estate.

A final judicial determination shall be considered to have occurred on the date on which a judgment entered by a court of competent jurisdiction and determining that there has been an overpayment of federal estate tax becomes final.

(d) Nothing in this section prevents an executor from bringing or maintaining an action in a court of competent jurisdiction within a period otherwise prescribed by law to determine any question bearing upon the taxable situs of property, the domicile of a decedent, or otherwise affecting the jurisdiction of the state to impose an inheritance or estate tax with respect to a particular item of property. (§ 2 ch 24 SLA 1970)

Sec. 43.31.290. Superior court judge to furnish names of decedents. Each superior court judge shall, on or before the 10th day of every month, notify the department of the names of all decedents, the names and addresses of the respective executors, administrators or curators appointed, the amount of the bonds, if any, required by the court, and the probable value of the estates, in all estates of decedents whose wills have been probated or propounded for probate before the judge or upon which letters testamentary or upon whose estates letters of administration or curatorship have been sought or granted, during the preceding months. The report shall contain any other information which the judge may have concerning the estate of these decedents. The judge shall also furnish immediately further information, from the records and files of the judge's office in regard to the estates, which the department may from time to time require. (§ 2 ch 24 SLA 1970)

Sec. 43.31.300. Corporate executors of nonresident decedents. If the executor of the estate of a nonresident is a corporation duly authorized, qualified and acting as an executor in the jurisdiction of the domicile of the decedent, it is under the duties and obligations as to the giving of notices and filing of returns required by this chapter, and may bring and defend actions and suits as authorized or permitted by this chapter, to the same extent as an individual executor, notwithstanding that the corporation may be prohibited from exercising, in this state, any powers as executor, but nothing in this section authorizes corporations not authorized to do business in this state to qualify or act as executor, administrator or in any other fiduciary capacity, if otherwise prohibited by the laws of this state, except to the extent expressly provided. (§ 2 ch 24 SLA 1970)

Sec. 43.31.310. Prima facie liability for tax. The estate of each decedent whose property is subject to the laws of the state is considered prima facie liable for estate taxes under this chapter, and is subject to a lien for them in an amount which may be later determined to be due and payable on the estate as provided in this chapter. The presumption of liability begins on the date of the death of the decedent and continues until the full settlement of all taxes which may be found to be due

under this chapter, the settlement to be shown by receipts for all taxes due to be issued by the department as provided for in this chapter. Whenever it appears to the department that an estate is not subject to a tax under this chapter the department shall issue to the executor, administrator, curator or other personal representative, or to the heirs, devisees, or legatees of the decedent, a certificate in writing to that effect, showing nonliability to tax, which certificate of nonliability has the same effect as a receipt showing payment. The certificate of nonliability is subject to record and admissible in evidence in like manner as receipts showing payment of taxes. There shall be paid to the department a fee of \$2.50 for each certificate so issued. (§ 2 ch 24 SLA 1970)

Sec. 43.31.320. Discharge of estate; notice of lien, limitation, etc. (a) If no receipt for the payment of taxes, or no receipt of nonliability for taxes has been issued or recorded as provided for in this chapter, the property constituting the estate of the decedent in this state shall be considered fully acquitted and discharged of all liability for estate and inheritance taxes under this chapter after a lapse of 10 years from the date of the filing with the department of notice of the decedent's death, or after a lapse of 10 years from the date of the filing with the department of an estate tax return, whichever date is earlier, unless the department makes out, files and has recorded with the appropriate recorder wherein any part of the estate of the decedent may be situated in this state, a notice of lien against the property of the estate, specifying the amount or approximate amount of taxes claimed to be due to the state under this chapter, which notice of lien continues the lien in force for an additional period of five years or until payment is made. Notice of lien shall be filed and recorded; however, if no receipt for the payment of taxes, or no certificate of nonliability for taxes, has been issued or recorded as provided for in this chapter, the property constituting the estate of the decedent in this state, if the decedent was a resident of this state at the time of death, shall be considered fully acquitted and discharged of all liability for tax under this chapter after a lapse of 10 years from the date of the death of the decedent, unless the department makes out, files and has recorded notice of lien as provided in this chapter, which notice continues the lien in force against the property of the estate for an additional period of five years or until payment is made.

(b) Notwithstanding anything to the contrary in this section or this chapter, no lien for estate and inheritance taxes under this chapter may continue for more than 20 years from the date of death of the decedent, whether the decedent is a resident or nonresident of this state. (§ 2 ch 24 SLA 1970)

Sec. 43.31.330. Disposition of proceeds. All taxes and fees levied and collected under this chapter shall be paid into the general fund. (§ 2 ch 24 SLA 1970)

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Sec. 43.31.340. Interpretation and construction. When not otherwise provided for in this chapter, the rules of interpretation and construction applicable to the estate and inheritance tax laws of the United States apply to and shall be followed in the interpretation of this chapter. (§ 2 ch 24 SLA 1970)

Sec. 43.31.350. Failure to produce records. A person who fails to comply with any duty imposed upon the person by this chapter, or who, having possession or control of any record, file or paper, containing or supposed to contain information concerning the estate of the decedent, or having possession or control of any property comprised in the gross estate of the decedent, fails to exhibit it upon request to the department or an examiner or appraiser, appointed under this chapter, who desires to examine it in the performance of official duties under this chapter, is liable to a penalty of not more than \$1,000, with costs of suit, in a civil action in the name of the state. (§ 2 ch 24 SLA 1970)

Secs. 43.31.360 — 43.31.390. Failure to make return; false return or return statement; tax evasion. [Repealed, § 46 ch 113 SLA 1980. For criminal penalties, see AS 43.05.290.]

Sec. 43.31.400. Effectiveness of chapter. This chapter shall remain in force and effect so long as the government of the United States retains in full force and effect as a part of the revenue laws of the United States a federal estate tax, and this chapter shall cease to be operative when the government of the United States ceases to impose an estate tax of the United States. (§ 2 ch 24 SLA 1970)

Sec. 43.31.410. Exemptions. The tax imposed under the inheritance and estate tax laws of this state in respect to personal property, except tangible property having an actual situs in this state, is not payable

(1) if the transferer at the time of death was a resident of a state or territory of the United States, or the District of Columbia, which at the time of death did not impose a death tax of any character in respect to property of residents of this state, except tangible personal property having an actual situs in the state, territory or district; or

(2) if the laws of the state, territory or district of the residence of the transferer at the time of death contained a reciprocal exemption provision under which nonresidents were exempted from death taxes of every character in respect to personal property, except tangible personal property having an actual situs therein, and if the state, territory or district of the residence of the nonresident decedent allowed a similar exemption to residents of the state, territory or district of residence of the decedent. (§ 2 ch 24 SLA 1970)

Sec. 43.31.420. Definitions. In this chapter

(1) "decedent" includes the testator, intestate grantor, bargainor, vendor, or donor;

(2) "department" means the Department of Revenue;

(3) "executor" means the executor, administrator or curator of the decedent, or if there is no executor, administrator or curator appointed qualified and acting, then any person who is in the actual or constructive possession of any property included in the gross estate of the decedent;

(4) "gross estate" means the gross estate as determined under the provisions of the applicable federal revenue Act;

(5) "net estate" means the net estate as determined under the provisions of the applicable federal revenue Act;

(6) "nonresident" means a natural person domiciled outside the state;

(7) "person" means persons, corporations, associations, joint stock companies and business trusts;

(8) "real property" means real property as it is commonly understood and includes real property whose legal title is in the decedent but which is subject to a contract of sale to a third party;

(9) "resident" means a natural person domiciled in the state;

(10) "tangible personal property" means corporeal personal property, including money; and the term "intangible personal property" means incorporeal personal property including deposits in banks, negotiable instruments, mortgages, debts, receivables, shares of stock, bonds, notes, credits, evidences of an interest in property, evidences of debt and choses in action generally;

(11) "transfer" includes the passing of property or any interest in property, in possession or enjoyment, present or future, by inheritance, descent, devise, succession, bequest, grant, deed, bargain, sale, gift, or appointment in the manner described in this chapter;

(12) "United States" used in a geographical sense includes only the 50 states and the District of Columbia. (§ 2 ch 24 SLA 1970)

Sec. 43.31.430. Short title. This chapter may be cited as the Estate Tax Law of Alaska. (§ 2 ch 24 SLA 1970)

Chapter 35. Coin-Operated Devices and Punchboards.

Article

1. Coin-Operated Amusement and Gaming Devices (§§ 43.35.010 — 43.35.090)
2. Punchboards (§§ 43.35.100 — 43.35.150)

Article 1. Coin-Operated Amusement and Gaming Devices.

Section

10. Amount of tax
20. Administration
30. Distributor fees
40. Operation by a minor

Section

50. Distribution of tax
60. Orders and regulations
70. Gambling not legalized
90. Definitions