

LEG. FINANCE - BILLS 1985 - 1986 2225
CSSB 280 cont. - CSSB 283 2225

04/15/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary Based Upon Subsidy Restructure Proposal
Mortgage Demand and Proposed Bond FinancingFiscal Year 1987

(In Millions)

	<u>Mortgage Loan Funds Available 7-1-86</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 87</u>	<u>Mortgage Loan Funds Available 6-30-87</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$ 72	\$ 65 ⁽¹⁾	\$150	\$ (3)	\$ 42	\$ 40	\$295	\$ 71
First Mortgage Veterans Program State Guaranteed Bonds	126	20 ⁽²⁾	150	(4)	18	(14)	240	56
First Time Homebuyers Program Home Mortgage Bonds	75	7	200	(6)	32	(26)	215	67
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	7 ⁽³⁾					7	
Mobile Home Loan Program	-0-	35 ⁽³⁾					35	
	<u>\$273</u>	<u>\$134</u>	<u>\$500</u>	<u>\$ (13)</u>	<u>\$ 92</u>	<u>-0-</u>	<u>\$792</u>	<u>\$194</u>

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including MOF Account.

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1988
(In Millions)

	HOF Account		General Account			Total
	Loans	Investments	Loans & Net Mtg. Securities		Investments	
			Conforming	Non-Conforming		
Balance: July 1, 1987	\$149	-0-	\$102	\$154	\$ 2	\$407
Prepayments and principal reductions	(12)	\$ 12		(13)	13	-0-
Earnings		14			20	34
Home ownership assistance subsidies		(10)				(10)
II-B earnings released					13	13
Non-bonded mortgage programs						
Second mortgages				5	(5)	-0-
Mobile home loans	16	(16)		19	(19)	-0-
Reduction in loans warehoused			(75)		75	-0-
Required subsidy transfers	—	—	—	—	(98)	(98)
Balance: June 30, 1988	<u>\$153</u>	<u>-0-</u>	<u>\$ 27</u>	<u>\$165</u>	<u>\$ 1</u>	<u>\$346</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing
Fiscal Year 1988
(In Millions)

	<u>Mortgage Loan Funds Available 7-1-87</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 88</u>	<u>Mortgage Loan Funds Available 6-30-88</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$ 71	\$ 65 ⁽¹⁾	\$150	\$ (3)	\$ 42	\$ 44	\$319	\$ 50
First Mortgage Veterans Program State Guaranteed Bonds	56	27 ⁽²⁾	200	(6)	24	(18)	233	53
First Time Homebuyers Program Home Mortgage Bonds	67	11 ⁽²⁾	200	(6)	32	(26)	235	43
<u>Internally Funded Programs</u>								
Second Mortgage Program		5 ⁽³⁾					5	
Mobile Home Loan Program		35 ⁽³⁾					35	
	<u>\$194</u>	<u>\$143</u>	<u>1550</u>	<u>\$(15)</u>	<u>\$ 98</u>	<u>-0-</u>	<u>\$824</u>	<u>\$146</u>

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including HOF Account.

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivityFiscal Year 1989

(In Millions)

	HOF Account		General Account			Total
	Loans	Investments	Loans & Net Mtg. Securities		Investments	
			Conforming	Non-Conforming		
Balance: July 1, 1988	\$153	-0-	\$ 27	\$165	\$ 1	\$346
Prepayments and principal reductions	(12)	\$ 12		(15)	15	-0-
Earnings		14			18	32
Home ownership assistance subsidies		(11)				(11)
IMB earnings released					13	13
Non-bonded mortgage programs						
Second mortgages				5	(5)	-0-
Mobile home loans	15	(15)		20	(20)	-0-
Reduction in loans warehoused						-0-
FY 89 legislative appropriation					100	100
Required subsidy transfers	—	—	—	—	(122)	(122)
Balance: June 30, 1989	<u>\$156</u>	<u>-0-</u>	<u>\$ 27</u>	<u>\$175</u>	<u>-0-</u>	<u>\$358</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

04/15/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing
Fiscal Year 1989
(In Millions)

	<u>Mortgage Loan Funds Available 7-1-88</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 89</u>	<u>Mortgage Loan Funds Available 6-30-89</u>
<u>Bonded Programs</u>								
Flexible First Mortgage Program	\$ 50	\$ 65(1)	\$350	\$ (6)	\$ 98	\$ 18	\$544	\$ 31
First Mortgage Veterans Program State Guaranteed Bonds	53	35(2)	200	(6)	24	(18)	220	68
First Time Homebuyers Program Home Mortgage Bonds	43	23(2)					66	-0-
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	5(3)					5	
Mobile Home Loan Program	-0-	35(3)					35	
	<u>\$146</u>	<u>\$163</u>	<u>\$550</u>	<u>\$ (12)</u>	<u>\$122</u>	<u>-0-</u>	<u>\$670</u>	<u>\$ 99</u>

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including HOF Account.

SECTION 2 - AS MODIFIED BY SB 231

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1986
(In Millions)

	HOF Account		General Account			Total
	Loans	Investments	Loans & Net Mtg. Securities		Investments	
			Conforming	Non-Conforming		
Balance: July 1, 1985	\$110	-0-	\$202	\$142	\$ 93	\$547
Prepayments and principal reductions	(3)	\$ 8		(13)	13	-0-
Earnings		11				52
Home ownership assistance subsidies		(7)				(7)
IMB earnings released					16	16
Non-bonded mortgage programs						
Second mortgages				9	(9)	-0-
Mobile home loans	12	(12)		25	(25)	-0-
Reduction in loans warehoused						-0-
Increase in HOF account	30			(30)		-0-
Required subsidy transfers	—	—	—	—	(126)	(126)
Balance: June 30, 1986	<u>\$144</u>	<u>-0-</u>	<u>\$202</u>	<u>\$133</u>	<u>\$ 3</u>	<u>\$482</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing

Fiscal Year 1986

(In Millions)

	<u>Mortgage Loan Funds Available 7-1-85</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 86</u>	<u>Mortgage Loan Funds Available 6-30-86</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$ 62 ⁽⁴⁾	\$ 60 ⁽¹⁾	125	1 (2)	30	27	259	43
First Mortgage Veterans Program State Guaranteed Bonds	209	17 ⁽²⁾	125	(3)	12	(9)	231	120
First Time Homebuyers Program Home Mortgage Bonds	75	5 ⁽²⁾	200	(6)	24	(18)	190	90
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	9 ⁽³⁾					9	
Mobile Home Loan Program	-0-	37 ⁽³⁾					37	
	<u>\$346</u>	<u>\$128</u>	450	<u>1(11)</u>	66	<u>-0-</u>	<u>\$726</u>	<u>\$253</u>
Deferred FIMA Note Closings			<u>300</u>		<u>60</u>			
			<u>1,750</u>		<u>1,126</u>			

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including HOF Account.

(4) Includes amounts related to subsequent issuance of \$300 million collateral notes to be sold directly to FIMA.

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1987
(In Millions)

	HOF Account		General Account			Total
	Loans	Investments	Loans & Net Mto. Securities Conforming	Non-Conforming	Investments	
Balance: July 1, 1986	\$144	-0-	\$202	\$133	\$ 3	\$482
Prepayments and principal reductions	(10)	\$ 10		(10)	10	-0-
Earnings		14			33	47
Home ownership assistance subsidies		(8)				(8)
IMB earnings released					13	13
Non-bonded mortgage programs						
Second mortgages				6	(6)	-0-
Mobile home loans	16	(16)		12	(12)	-0-
Reduction in loans warehoused			(25)		25	-0-
Required subsidy transfers	—	—	—	—	(45)	(45)
<u>Balance: June 30, 1987</u>	<u>\$150</u>	<u>-0-</u>	<u>\$177</u>	<u>\$141</u>	<u>\$ 21</u>	<u>\$489</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary Based Upon Subsidy Restructure Proposal
Mortgage Demand and Proposed Bond Financing
Fiscal Year 1987
(In Millions)

	<u>Mortgage Loan Funds Available 7-1-86</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 87</u>	<u>Mortgage Loan Funds Available 6-30-87</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$ 43	\$ 65(1)	\$125	\$ (3)	\$ 25	\$ 12	\$236	\$ 31
First Mortgage Veterans Program State Guaranteed Bonds	120	20(2)	100	(2)	4	(2)	192	48
First Time Homebuyers Program Home Mortgage Bonds	90	7	200	(6)	16	(10)	172	125
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	6(3)					6	
Mobile Home Loan Program	-0-	20(3)					28	
	<u>\$253</u>	<u>\$126</u>	<u>\$425</u>	<u>\$ (11)</u>	<u>\$ 45</u>	<u>-0-</u>	<u>\$634</u>	<u>\$204</u>

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including HOF Account.

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1988
(In Millions)

	<u>HOF Account</u>		<u>General Account</u>			<u>Total</u>
	<u>Loans</u>	<u>Investments</u>	<u>Loans & Net Mtg. Securities</u>		<u>Investments</u>	
			<u>Conforming</u>	<u>Non-Conforming</u>		
Balance: July 1, 1987	\$150	-0-	\$177	\$141	\$ 21	\$489
Prepayments and principal reductions	(12)	\$ 12		(13)	13	-0-
Earnings		14			35	49
Home ownership assistance subsidies		(7)				(7)
IMB earnings released					13	13
Non-bonded mortgage programs						
Second mortgages				3	(3)	-0-
Mobile home loans	19	(19)		11	(11)	-0-
Reduction in loans warehoused			(35)		35	-0-
Required subsidy transfers	—	—	—	—	(14)	(14)
Balance: June 30, 1988	<u>\$157</u>	<u>-0-</u>	<u>\$142</u>	<u>\$142</u>	<u>\$ 89</u>	<u>\$530</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing
Fiscal Year 1988
(In Millions)

	<u>Mortgage Loan Funds Available 7-1-87</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 88</u>	<u>Mortgage Loan Funds Available 6-30-88</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$ 31	\$ 65 ⁽¹⁾	\$ 50	\$ (1)	\$ 8		\$119	\$ 34
First Mortgage Veterans Program State Guaranteed Bonds	48	27 ⁽²⁾	150	(4)			105	36
First Time Homebuyers Program Home Mortgage Bonds	125	11 ⁽²⁾	200	(5)	6		190	146
<u>Internally Funded Programs</u>								
Second Mortgage Program		3 ⁽³⁾					3	
Mobile Home Loan Program		30 ⁽³⁾					30	
	<u>\$204</u>	<u>\$136</u>	<u>\$400</u>	<u>\$ (11)</u>	<u>\$ 14</u>	<u>-0-</u>	<u>\$527</u>	<u>\$216</u>

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including HOF Account.

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1989
(In Millions)

	HOF Account		General Account			Total
	Loans	Investments	Loans & Net Mtg. Securities		Investments	
			Conforming	Non-Conforming		
Balance: July 1, 1988	\$157	-0-	\$142	\$142	\$ 89	\$530
Prepayments and principal reductions	(12)	\$ 12		(15)	15	-0-
Earnings		15			40	55
Home ownership assistance subsidies		(7)				(7)
IMB earnings release:					13	13
Non-bonded mortgage programs						
Second mortgages				2	(2)	-0-
Mobile home loans	20	(20)		10	(10)	-0-
Reduction in loans warehoused			(92)		52	-0-
Transfer of HOF Account excess	(35)			35		-0-
Required subsidy transfers	—	—	—	—	-0-	-0-
Balance: June 30, 1989	<u>\$130</u>	<u>-0-</u>	<u>\$ 50</u>	<u>\$174</u>	<u>\$237</u>	<u>\$591</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing

Fiscal Year 1989

(In Millions)

	<u>Mortgage Loan Funds Available 7-1-88</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 89</u>	<u>Mortgage Loan Funds Available 6-30-89</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$ 34	\$ 65 ⁽¹⁾					\$ 99	-0-
First Mortgage Veterans Program State Guaranteed Bonds	36	35 ⁽²⁾	\$ 150	\$ (4)			180	\$ 37
First Time Homebuyers Program Home Mortgage Bonds	146	23 ⁽²⁾					169	-0-
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	2 ⁽³⁾					2	
Mobile Home Loan Program	-0-	30 ⁽³⁾					30	
	<u>\$216</u>	<u>\$155</u>	<u>\$150</u>	<u>\$ (4)</u>	<u>-0-</u>	<u>-0-</u>	<u>\$480</u>	<u>\$ 37</u>

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including HOA Account.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 18, 1985

POSITION PAPER

RE: SENATE BILL 281

SPONSOR: SENATOR HALFORD, ET AL

Program Effects of the Bill:

This bill seeks to raise the interest rates on loan programs administered by the state or an instrumentality of the state by one half percent annually, until the rate charged equals the prevailing market rate. Neither this bill nor the other sections of this statute really define "prevailing market rate," although AS 37.05.035(a) gives each loan program agency the right to determine prevailing market rate if none exists.

For the purpose of determining the effects of this bill on our rural loan programs, we used the current FHA/VA rate of 13 percent, and tried to determine what effect this rate would have on our loan program activity if that rate were in effect today. Our average loan amount on our Rural Owner-Occupied Loan Program for FY 84 and FY 85 year to date is \$89,929. Using this figure and our current interest rate of 9.875 percent, a borrower must have a monthly income of at least \$2,374 to qualify for this loan amount. This is assuming the house payment is their only monthly obligation, which is often the case in rural Alaska. In FY 84 and year to date FY 85, 88.6 percent of our borrowers had incomes greater than or equal to this amount. Using the same loan amount and a 13 percent interest rate and the same assumption about the house payment being the sole monthly obligation of the borrower, it would require a monthly income of \$2,985 to qualify. Only 74 percent of our current borrowers could have met this monthly income amount.

We realize that this bill would not increase the interest rate overnight, however, with construction costs increasing approximately three percent per year, the eventual effects of this legislation on the Rural Housing Loan Program would be more devastating than even the current year figures demonstrated, since we assumed construction costs would remain constant and a larger loan amount would not be required to buy the same house in the future.

BILL SHEFFIELD, GOVERNOR

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Position Paper
RE: SENATE BILL 281
April 18, 1985
Page 2

The intent and purpose of this loan program, to upgrade and improve the housing stock in rural Alaska and make homeownership a reality for more rural Alaskans, would be seriously compromised.

The effects on the Rural Nonowner-Occupied Loan Program would virtually put the program out of business. Most of the projects we are financing today are just breaking even with a 10.5 percent interest rate and the high operating costs incurred in the rural areas. An interest rate any higher than this would make the vast majority of the projects economically nonviable.

To summarize, the increase in interest rates proposed by this bill would put homeownership out of the reach of most rural residents once again. We would see a run on the loan programs during the first few years by those seeking to own homes before the ideal is out of their reach. We would see people buying or building homes before they are financially stable or emotionally ready for homeownership. This will result in higher delinquency rates and more foreclosures.

One last item to be addressed is the effect of this bill on the Homeownership Assistance Fund. The demand on the fund would be significantly increased with the greater differential between the current program interest rate and the six percent rate to which we can subsidize the payments. A portion of any savings the state may realize by eliminating the subsidy in interest rates in whole would be consumed by the greater subsidies used by individual borrowers under the Homeownership Assistance Program.

Comments:


Another aspect that should be examined is the overall effect this bill would have on the state economy. The construction business and service industries constitute a large part of this state's economy. It is estimated that 20 people are employed by every real estate sales transaction that takes place on an existing structure. These would be people at the lending institutions, mortgage companies, credit unions, title insurance firms, real estate brokerage firms, appraisal firms, surveyors, mortgage insurance firms, tax service firms and firms dealing in fire, hazard, flood or homeowners insurance.

Position Paper
RE: SENATE BILL 281
April 18, 1985
Page 3

The numbers can grow to as much as 60 - 75 jobs when you are dealing with new construction, depending on the size of the project and whether it is a contractor or an owner builder doing the construction. These figures were supplied to HAD by Dave Ribachi, an Anchorage realtor at a HAD training workshop.

With the slowdown that would be brought about in the market due to the higher interest rates - and based on most economic projections, that is the direction interest rates are expected to go - the unemployment rates will probably increase, or at least not decrease. The state will incur greater costs in welfare and unemployment compensation as a result of this increase. The communities relying upon property taxes will see their tax base growth diminished due to the slowdown in development and market values.

If the goal of SB 281 is to leave the lending business, the State should face this directly by not appropriating money for those loan programs. An across the board increase of interest rates, however, is not an equitable solution to phase out these programs. If the goal of SB 281 is to affect interest rates alone, we recommend that the committee defer to the Governor's bill HB 109--which sets interest rates for State loans.



Emily Notti, Commissioner

4/18/85
Halewood

A POSITION PAPER ON
ALASKA STATE LOAN PROGRAMS

Prepared By
G. F. W. C. ANCHORAGE WOMAN'S CLUB
FREE COMMITTEE

January 1, 1985

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INTRODUCTION

The Anchorage Woman's Club FREE Committee has completed a study of Alaska State loan programs in conjunction with research on the Permanent Fund and State spending policies.

Our studies of the Permanent Fund, the State budget process and capital spending including loan programs illustrate Alaska's unique situation. The public sector owns most land and resource rights. This circumstance requires government to manage what would normally be managed by private individuals. On the public's behalf, the State attempts to strike the best bargain in obtaining resource revenue and dispenses earnings in the most equitable manner possible. The vehicle of loan programs is one avenue in this process. Loan programs are an investment in the infrastructure of the state. They should provide a satisfactory yield measured by interest return, social benefits or economic growth. The investment in these loan programs has had a short term positive impact in most cases. Even if we can maintain continued subsidies, over the long term they will create an unhealthy dependency on loan programs.

The State has attempted to encourage economic development through loan programs. They are, however, an imperfect vehicle. Until the private sector possesses more land and resource rights, true economic growth will not flourish.

SUMMARY OF RECOMMENDATIONS

1. Strive for reduction and eventual elimination of State dollar contributions to loan programs.
 - a. Reword the State spending limit.
 - b. Refine present programs to make them self supporting and revolving.
 - c. Eliminate interest subsidies.
 - d. Institute strict collection procedures.
2. Implement adequate statutory review of programs.
 - a. Use review to evaluate programs.
 - b. Base continued support of programs on evaluation.
3. Recognize that the market will limit bonded indebtedness of the debt issuing entities of the State.

OVERVIEW OF ALASKA'S INVESTMENT IN STATE LOAN PROGRAMS

Over the last 15 years the State of Alaska has made a substantial investment in loan programs. The programs have been designed to benefit all Alaskans by encouraging economic growth, increasing employment, easing the effects of inflation and meeting social needs.

State lending policy has developed some 35 programs offering low interest loans to all Alaskans to buy housing; to develop businesses, renewable resources and energy; to finance education and child care; and to build municipal facilities and hospitals.

As of June 30, 1984, there were 121,680 loans outstanding totaling more than \$4.9 billion.

Loan programs have existed since statehood, but most have been enacted since 1978. During the 1970's, many of the State's present loan programs were designed as revolving loan funds. These revolving loan funds were intended to be self sustaining. Steady growth in demand coupled with larger loan amounts and higher interest rates has often meant that repayments did not replenish the loan funds. State appropriations remain the chief source of additional capital for revolving loan programs.

As lending activity increased, the State began "leveraging" its funds to provide the maximum capital for lending. The national tax exempt bond market was used to do this. Because of recent congressional changes in rules for tax-exempt bond sales, the State now also sells taxable bonds. Alaska Housing Finance Corporation is the State's most frequent and best known borrower. In fact, they are the third largest corporate borrower of taxable U.S. dollars in the world preceded only by General Motors Acceptance Corporation and the World Bank. The State's revenue sources have allowed for development of these methods of financing. A significant portion of the State's investment in loan programs is funded through revenue bonds. For example,

of \$382 million in loans approved in the 4th quarter of FY 1984, \$349 million were funded by bond sales and \$32 million were funded by state appropriations. It must be remembered that the loans are investments, not direct outlays, and most will be repaid with interest.

The State's primary investment in loan programs has been in housing. Business development accounts for a lesser share of the total with the remaining dollars divided between renewable resource and energy development and social programs. Charts I - IV provide graphic information on the State's investment in loan programs. A description of the various loan programs is included in the Appendices section of this paper. Also, the FREE Committee has prepared a video program describing all the State loan programs. This video program is available upon request.

ALASKA STATE LOAN PROGRAMS

	<u>LOANS OUTSTANDING JUNE 30, 1984</u>	<u>BONDED INDEBTEDNESS JUNE 30, 1984</u>	<u>TYPE OF LENDING</u>
<u>HOUSING</u>			
Alaska Housing Finance Corporation	\$3,798,838	\$3,507,438	Secondary
Housing Assistance Loan Fund	102,189	-	Secondary
Residential Energy Conservation Fund	5,251	-	Direct
<u>BUSINESS DEVELOPMENT</u>			
Alaska Industrial Development Authority	325,028	155,432	Secondary
Small Business Revolving Loan Fund	71,065	-	Direct
Tourism Revolving Loan Fund	6,342	-	Direct
Veterans Revolving Loan Fund	94,384	-	Direct
<u>RENEWABLE RESOURCE DEVELOPMENT</u>			
Agricultural Revolving Loan Fund	44,516	-	Direct
Alaska Grain Reserve Loan Fund	152	-	Direct
Alaska Resources Corporation	19,105	-	Direct
Commercial Fishing Revolving Loan Fund	80,250	-	Direct
Fisheries Engagement Revolving Loan Fund	33,989	-	Direct
<u>ENERGY AND NONRENEWABLE RESOURCE DEVELOPMENT</u>			
Alaska Power Authority - Power Project Fund	29,229	-	Direct
Alaska Power Authority - Rural Electrification Revolving Loan Fund	3,845	-	Direct
Alternative Technology and Energy Revolving Loan Fund	10,806	-	Direct
Mining Revolving Loan Fund	19,008	-	Direct
Water Resources Revolving Loan Fund	910	-	Direct
<u>SOCIAL PROGRAMS</u>			
Scholarship Revolving Loan Fund	185,496	-	Direct
Alaska Medical Facility Authority	12,767	12,767	Direct
Child Care Facility Revolving Loan Fund	671	-	Direct
Medical Malpractice Liability Revolving Loan Fund	3,000	-	Direct
Alaska Municipal Bond Bank Authority	145,462	145,462	Direct
Bulk Fuel Revolving Loan Fund	404	-	Direct
Historical District Revolving Loan Fund	255	-	Direct
	<u>\$4,992,972</u>	<u>\$3,821,099</u>	

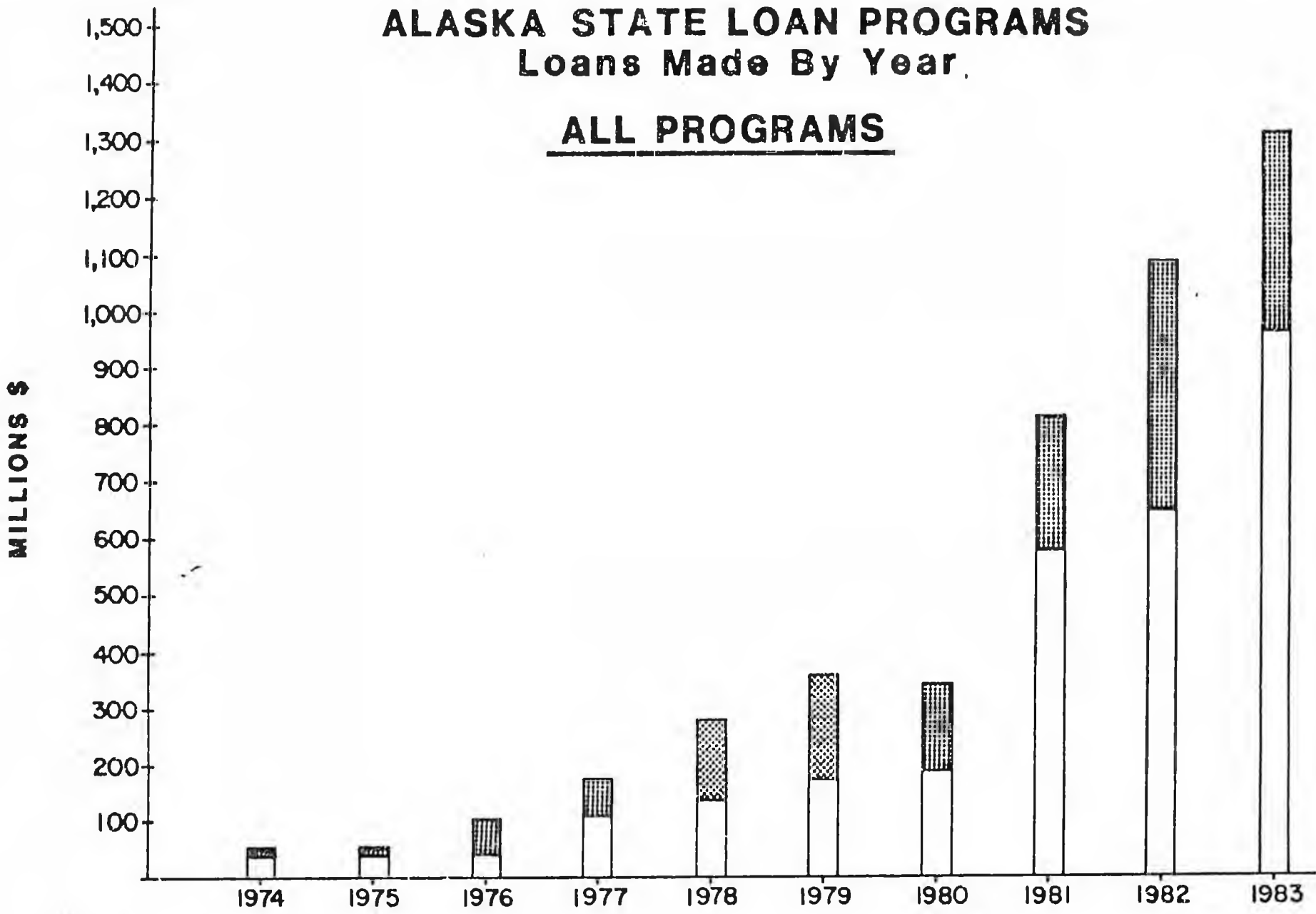
Source: House Research Agency, 4th Quarter 1984 Report
June 30, 1984 Financial Statements

CHART I

ALASKA STATE LOAN PROGRAMS

Loans Made By Year.

ALL PROGRAMS





 FUNDED BY BOND SALES
 FUNDED BY STATE APPROPRIATIONS

CHART II

Summary of Delinquency and Default
State Loan Programs, 4rd Quarter FY 84

Loan Program	Delinquent Loans ¹		Loans in Default ²	
	\$(thousands)	%	\$	%
<u>Indirect Lenders:</u> Alaska Housing Finance Corporation (all programs)	\$113,615.1	3.0%	\$3,078.2	---*
Alaska Industrial Development Authority:				
AIDA-purchased	7,163.2	3.2%	375.7	---
Appropriated to AIDA	8,107.0	7.7%	2,581.8	2.4%
Alaska Medical Facility Authority	0.0	0.0%	0.0	0.0%
Alaska Municipal Bond Bank Authority	0.0	0.0%	0.0	0.0%
<u>Direct Lenders:</u> Agriculture Revolving Loan Fund	6,953.5	15.6%	5,976.9	13.4%
Alaska Power Authority:				
Power Project Fund	0.0	0.0%	0.0	0.0%
Rural Electrification Revolving Loan Fund	0.0	0.0%	0.0	0.0%
Alaska Resources Corporation	NA	NA	NA	NA
Alternative Technology & Energy Rev. Loan Fund (est.)	2,408.0	22.3%	24.0	.2%
Bulk Fuel Revolving Loan Fund	148.0	.7%	0.0	0.0%
Child Care Facility Rev. Loan Fund	103.0	15.4%	0.0	0.0
Commercial Fishing Revolving Loan Fund	11,551.3	14.4%	607.0	.8%
Fisheries Enhancement Revolving Loan Fund	0.0	0.0%	0.0	0.0%
Housing Assistance Loan Fund ³	1,977.2	2.0%	0.0	0.0%
Medical Malpractice Liability Revolving Loan Fund	0.0	0.0%	0.0	0.0%
Minino Loan Fund	10,621.0	55.9%	0.0	0.0%
Residential Energy Conservation Fund	1,029.2	19.8%	13.4	.3%
Scholarship Revolving Loan Fund	12,470.1	6.7%	10,581.7	5.7%
Small Business Revolving Loan Fund	34,198.0	48.1%	1,763.0	2.5%
Tourism Revolving Loan Fund	1,034.0	16.3%	0.0	0.0%
Veterans' Revolving Loan Fund ⁴	20,333.1	21.5%	540.0	.6%
Water Resources Revolving Loan Fund	0.0	0.0%	0.0	0.0%

*--- less than .1%

¹Delinquency includes all loans that are more than one day past due at the end of the quarter; the exceptions are the Agricultural Revolving Loan Fund, AIDA and the Scholarship Revolving Loan Fund.

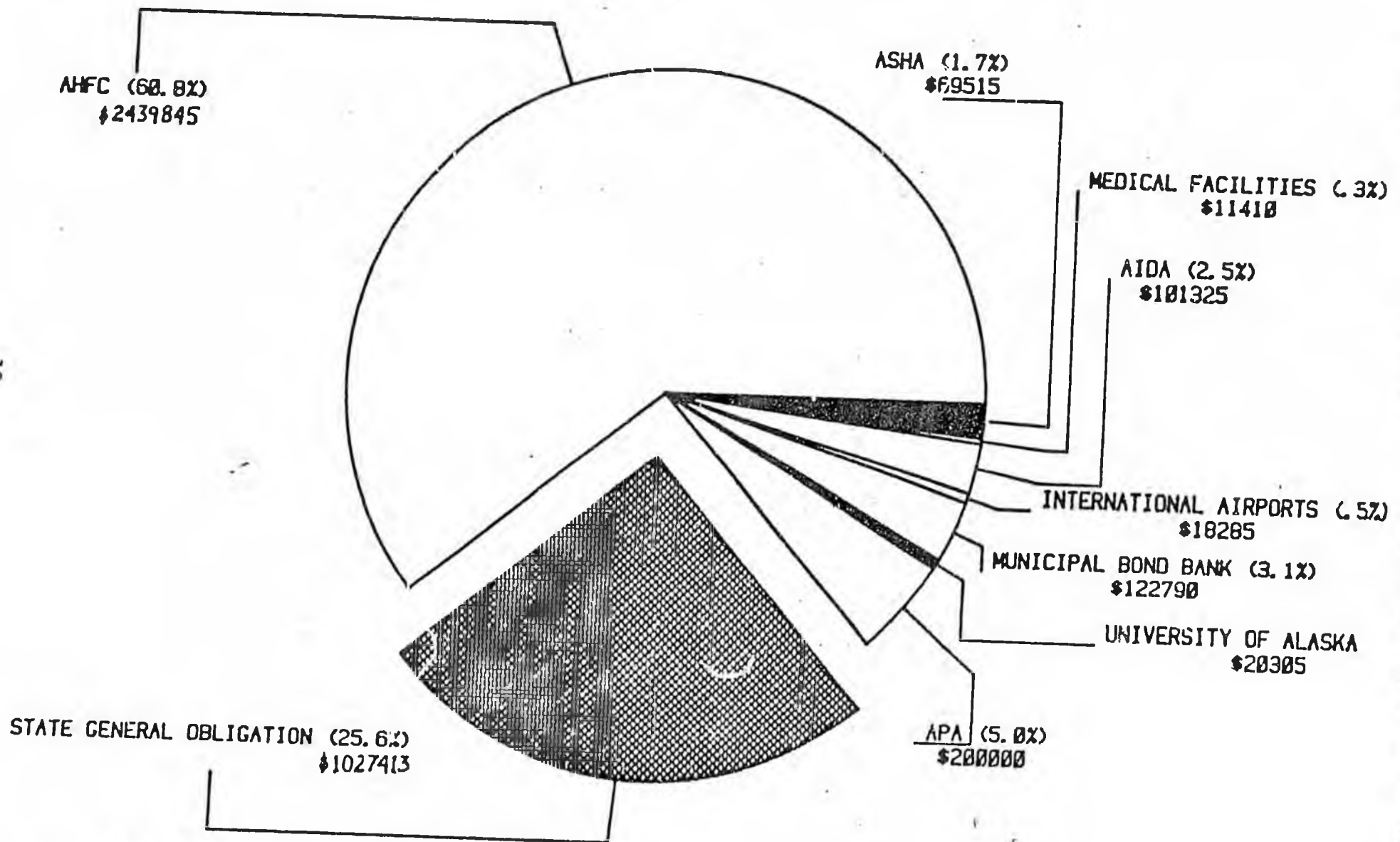
²Loans in default are defined as delinquent loans that have been turned over to counsel for legal action, except loans made from the Scholarship Revolving Loan Fund which are considered to be in default if more than 120 days delinquent.

³Includes only the Nonconforming Housing Loan program and mortgages for the Rural Owner-Occupied and Rural Non-Owner-Occupied programs that were purchased since the start of FY 83; mortgages made by the two rural programs before July 1, 1982 are serviced by AHFC and are included in AHFC's delinquency and default figures.

⁴Reflects transfer of all AHFC owned veteran loans effective 11/1/83.

TOTAL STATE DEBT OUTSTANDING BY ISSUER
 (DOLLARS IN 000'S AS OF APRIL 1, 1983)

10



Source: "A Review of Debt Capacity and Debt Management for the State of Alaska"
 Prepared by the Municipal Finance Officers Association, August, 1983

ALASKA

CHART IV

APPENDIX I

DESCRIPTION OF PROGRAMS

HOUSING

ALASKA HOUSING FINANCE CORPORATION

Special Mortgage Loan Purchase Program
Home Ownership Assistance Program
Pledged Account Mortgage Program
Tax Exempt Mortgage Loan Program
Veterans Mortgage Loan Programs
Tri-Plex and Four-Plex Mortgage Loan Program
Alaska Building Equity Mortgage
Mobile Home Loan Program
Second Mortgage Loan Purchase Program

HOUSING ASSISTANCE DIVISION

Rural Housing Mortgage Program
Non Owner Occupied Rural Mortgage Purchase
Program
Non Conforming Housing Loan Program

Originally, Alaska wanted to offer people of low and moderate income decent housing. In 1971, Alaska Housing Finance Corporation (AHFC) was created to do this. In 1980, new programs were created which increased loan limits and no restrictions on income. A dramatic increase in housing activity was felt throughout the Alaskan economy. The largest single program is the Special Mortgage Loan Purchase Program, accounting for approximately 90 percent of the agency's activities. AHFC loans its bond proceeds at an interest rate that is 3 percent below the cost of its taxable funds for the first \$90,000 of each loan provided, however, the rate may not be less than 10 percent (9 percent for veterans) unless the cost of funds is below 10 percent.

The Special Mortgage Loan Purchase Program includes assistance programs to meet specific borrower needs, one of these is the Home Ownership Assistance Program established to assist low and moderate income families in purchasing a home. Funded by appropriations from the State, the Home Ownership Assistance Program purchases investment securities and mortgages under other AHFC programs. The earnings of the fund are then used to pay the additional interest subsidy for the borrower. Income restrictions and purchase price ceilings apply to this program. As the borrower's income increases, the subsidy is reduced minimizing the cost to the state while maintaining the objective of the program allowing low to moderate income borrowers the opportunity for home ownership.

The Pledged Account Mortgage Program is also included in the Special Mortgage Loan Purchase Program. It offers a graduated payment mortgage, featuring low initial payments supplemented by payments from a pledged savings account for the first five years. The borrower's line of employment would be expected to be upwardly mobile.

The Tax-Exempt Mortgage Loan Program is funded by tax-exempt mortgage revenue bonds. AHFC's bonding authority had been limited to \$200 million of these bonds per year pursuant to federal legislation which also provided that no bonds may be issued under this program subsequent to December 31, 1983. Accordingly, this popular program for applicants who have not owned a home the prior 3 years will terminate when the proceeds of the 1983 bond issues have been utilized unless the U.S. Congress enacts specific legislation extending the program.

The Veteran's Tax-Exempt Mortgage Program is funded by bonds issued by AHFC which carry the general obligation of the State. Bonding limits are established by Alaska voters. To apply under this program, borrowers must be qualified veterans as defined in Title 38 of the United States Code 101(2).

In response to concerns about availability of rentals throughout the State, the Triplex and Four-plex Mortgage Loan Program was created allowing individuals to purchase owner-occupied tri and four-plex residences.

Due to increasing interest rates caused by volatile capital markets and a weakening in demand for longer term taxable securities, Alaska Building Equity Mortgages were implemented June 1, 1982. These gave AHFC access to less expensive short-term capital markets. Loans under this program are fully paid in 16 to 19 years. The Alaska Building Equity structured mortgage applies to all of the Corporation's programs except certain loans under the Mobile Home Loan Program and Second Mortgage Loan Program.

The Mobile Home Loan Program finances the purchase of mobile homes which have played a significant role in providing housing in Alaska by offering an alternative to the high cost of stick-built dwellings.

Reflecting the Legislature's intent to give all residents the same opportunity to borrow up to \$90,000 in State subsidized mortgage funds, the Second Mortgage Loan Purchase Program offers second mortgages to help refinance or make home improvements.

Because of the low interest rates offered in all of AHFC's programs and the removal of income restrictions, the State of Alaska is now the primary lender for single-family and duplex homes. Since most of these loans are made contingent on State purchase, the State can be viewed almost as a direct lender using the private institutions as agents. AHFC has experienced delinquency rates substantially below the national average.

Housing loans are also made by the Housing Assistance Division of the Department of Community and Regional Affairs, which administers the Rural Housing Mortgage Program, the Non Owner-Occupied Rural Mortgage Purchase Program, and the Nonconforming Housing Loan Program. The programs were developed to answer the special housing needs of those in remote and undeveloped areas of Alaska. Loans are made from the Housing Assistance Loan Fund at varying rates of interest depending on the program. Loans originated by others are also purchased. Direct appropriations supply the fund.

BUSINESS DEVELOPMENT

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY

Revenue Bond Program
Economic Development Umbrella Bond Program
Consolidated Umbrella Bond Program
Small Enterprise Loan Account
Multi-Family Housing Bond Program

INACTIVE PROGRAMS

Small Business Revolving Loan Fund
Tourism Revolving Loan Fund
Veterans Revolving Loan Fund

The primary program developed by the State of Alaska to encourage business development is the Alaska Industrial Development Authority (AIDA). It was established in 1967 to promote prosperity and economic welfare of the people of Alaska by financing industrial, manufacturing and business enterprises. AIDA received initial funding from the State in general fund appropriations and transfer of loans from the small business revolving loan fund. Except for the Multi-family Housing Bond Program, AIDA receives no additional funding from the State. It is authorized to operate five programs.

The Revenue Bond Program is available to businesses as a means of securing funds through the tax-exempt bond market. AIDA acts essentially as a conduit for businesses, issuing industrial development revenue bonds. The bonds are secured solely by the private business benefitting from the bond sale and are not a liability of the Authority. Projects funded through the program include pulp mills, freight terminals, fuel facilities, school buses, motels, deep water ports and a tour boat.

The Economic Development Umbrella Bond Program uses the tax-exempt bond market to finance business projects of \$1 million or less. These bond issues are secured by the project, individual guarantees and the full faith and credit of the Authority. Lending institutions are required to originate these loans and fund 10% while AIDA finances 90% through bond sales.

The Consolidated Umbrella Bond Program is a similar program which provides financing for projects over \$1 million. Originating financial institutions fund 20% of the loan, AIDA 80%.

Alaska statutes have authorized a Small Enterprise Loan Account which is used to purchase the federally guaranteed portion of a loan made by a private financial institution. These loans are guaranteed by the Small Business Administration.

The 1982 Legislature created the Multi-Family Housing Bond Program to develop an adequate supply of multi-family housing projects. The Authority sells bonds and uses the proceeds to purchase participations in qualifying projects.

Congressional action in 1984 significantly affected the Authority's ability to issue tax-exempt bonds. This

action prompted AIDA to implement a taxable umbrella bond program. In addition, legislation passed in 1984 allows the Authority to own and operate certain types of public projects. Under this legislation AIDA has received \$3.4 million to fund the Authority's initial involvement with the possible construction of transportation infrastructure aiding development of mineral resources in the DeLong Mountains area of Northwestern Alaska.

RENEWABLE RESOURCE DEVELOPMENT

AGRICULTURAL REVOLVING LOAN FUND

ALASKA GRAIN RESERVE LOAN FUND

ALASKA RESOURCES CORPORATION

COMMERCIAL FISHING AND AGRICULTURE BANK

COMMERCIAL FISHING REVOLVING LOAN FUND

FISHERIES ENHANCEMENT REVOLVING LOAN FUND

FISHERY PRODUCT REVOLVING LOAN GUARANTEE FUND

The state has a long standing commitment to resource development. Programs have been established for the agriculture, fishing and timber industries. The State's investment in this area has been by direct appropriation excepting renewable resource projects financed through AIDA.

The oldest state loan program is the Agricultural Revolving Loan Fund. It was established in 1953 to promote more rapid development of agriculture as an industry in Alaska. Loans are made for development of farms and to businesses in farm related industries.

The Alaska Grain Reserve Loan Fund was established in 1983 to assist grain producers by making loans secured by grain reserves.

The Alaska Resources Corporation was created by Alaska statute in 1978. It received a portion of oil royalty income to be used to develop capital in renewable resources industries. The corporation no longer receives State appropriations and was significantly reorganized in 1982. The corporation makes loans and equity investments in businesses. It has experienced a significant delinquency and default record on loans. Legislation in 1984 provides for the orderly termination of the Corporation.

The Commercial Fishing and Agriculture Bank is a private lending cooperative established by the State of Alaska in 1978. The bank received \$32 million in capital from the State in the form of preferred stock which will be repaid to the state by the year 2000. The Bank is a member of the Federal Farm Credit System and uses the national taxable bond market to secure funds for loans. The Bank's investments are primarily in the fishing industry.

The Commercial Fishing Revolving Loan Fund provides low-interest loans for businesses in the fishing industry to purchase limited entry permits, gear and vessels.

The Fisheries Enhancement Revolving Loan Fund provides low-interest, long-term loans to regional associations for fish hatchery planning, construction and operation.

The Fishery Product Revolving Loan Guarantee Fund was established by the Alaska legislature in 1982 in response to the large recall of Alaska fish products. The fund does not make loans, but rather, guarantees up to 50% of loans made to fish processors with facilities in Alaska.

ENERGY AND NON-RENEWABLE RESOURCE DEVELOPMENT

ALASKA POWER AUTHORITY

Power Project Fund

Rural Electrification Revolving Loan Fund

RESIDENTIAL ENERGY REVOLVING LOAN FUND

ALTERNATIVE ENERGY REVOLVING LOAN FUND

MINING REVOLVING LOAN FUND

Five loan programs comprise the energy section. Two programs are administered by the Alaska Power Authority, funded by State appropriation, and make loans to utilities for power project development. The legislature turned almost \$50 million in loans made by the Power Project fund into grants in 1981. The Rural Electrification Revolving Loan Fund was created to provide low cost financing to electric utilities to extend service lines into rural areas that are not currently served.

Two programs make loans to individuals and are administered by the Division of Investments. The Residential Energy Revolving Loan Fund makes grants to cover energy audits and loans to cover cost of improvements recommended by the audits. The Alternative Energy Revolving Loan Fund makes loans to encourage development of means of energy production based on sources other than fossil fuel or nuclear fuel.

The Mining Revolving Loan Fund is the only state industrial loan program funded solely by state appropriation, lending funds at interest rates of 10% as set by statute. It is to provide financing for mineral exploration, development or mining. The largest loan has been made for coal mining and other financing has been for gold mining.

SOCIAL PROGRAMS

EDUCATION

Scholarship Revolving Loan Fund
Teacher Scholarship Loan Fund

MEDICAL AND CHILD CARE

Alaska Medical Facility Authority
Child Care Facility Revolving Loan Fund
Medical Malpractice Liability Revolving Loan
Fund

MUNICIPAL ASSISTANCE

Alaska Municipal Bond Bank Authority
Bulk Fuel Revolving Loan Fund
Historical District Revolving Loan Fund

We're fortunate to have one of the most generously subsidized educational loan programs in the country. A qualified borrower may borrow \$6,000 per year for undergraduate post secondary study and \$7,000 per year for graduate study for a maximum of eight years. The terms are a 10 year repayment, at 5% interest, with 50% of the loan forgiven after 6 years of work in Alaska. As tuitions and interest rates have risen, demand for student loans has soared.

The Alaska Medical Facility Authority provides low cost financing to construct and equip private medical facilities. Loans are financed by the sale of bonds. One \$12 million loan has been made to Fairbanks Memorial Hospital.

The Alaska Municipal Bond Bank was established in 1975 to loan funds for capital construction projects to Alaskan cities and boroughs. It is a separate, legal, public corporation. The bank raises money for loans by issuing tax exempt bonds that are general obligations of the bank alone - not the State of Alaska. The State, however, pledges its moral obligation to the maintenance of debt service reserve funds. Alaska's localities benefit from lower interest and administration cost for funds borrowed from the Bond Bank. Schools, water and sewer systems, public buildings and paved streets have been built by local governments in all parts of Alaska with Municipal Bond Bank financing. The Bank is authorized to have \$200 million in debt outstanding. The bank has one employee; its executive director and contracts in the private sector for a wide range of professional services.

APPENDIX II

ALASKA STATE LOAN PROGRAMS

RESEARCH SOURCES

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- Alaska Department of Revenue. Revenue Sources FY 1983-1986 Quarterly Update. Juneau, September, 1983.
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- Alaska Housing Finance Corporation. Economic Impact Report Up-Date. Anchorage, 1981-1982.
- "Appropriation Limit," Article IX, Section 16, Constitution of the State of Alaska.
- Banking and Loan Committee, Commonwealth North. The Promises and Pitfalls of Alaska's State Loan Program. Anchorage, May, 1981.
- CH2M Hill. Alaskan Statewide Housing Needs Study. State of Alaska Department of Community and Regional Affairs, Division of Community Planning.
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- Elder, Terry. Overview of State Loan Programs and Investment Funds. State of Alaska, Office of the Governor, Division of Management and Budget, Juneau, August, 1982.
- Goldsmith, Scott. "Sustainable Spending Levels From Alaska State Revenues," Alaska Review of Social and Economic Conditions, XX., No. 1 (February, 1983), 1-21.
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Lively, Jay. "State Loan Programs: Quarterly Activity Report, Fourth Quarter FY 1983," House Research Agency Report. Alaska State Legislature, Juneau, October, 1983.

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Resource Income Committee, Commonwealth North. Alaska's Golden Opportunity: Resource Revenues and State Spending. Anchorage, December, 1980.

Sheffield, Bill. FY 85 Executive Budget Operating, Loans and Capital. Juneau, 1984.

Sheffield, Bill. Governor Sheffield's Goals for Alaska, A Public Discussion Draft. State of Alaska, Office of Governor, Juneau, 1984.

APPENDIX III
ALASKA LAND ACREAGE SUMMARY
December 31, 1983

	Millions of Acres	% of Total
<u>Total Land Alaska</u> -----	367.7	100.0%
<u>State Land Entitlement</u> ¹ -----	104.8*	28.5%
Selected Land ² (includes over-selection) -----	34.6	
Tentatively Approved -----	54.2	
Patented -----	22.4	
<u>Private Land Owned by Individuals</u> ³ -----	2.0*	0.5%
<u>Native Corporation Land Entitlement</u> ⁴ -----	43.7*	11.9%
Selected Land (includes over-selection) ⁵ -----	49.0	
Interim Conveyed or Patented ⁶ -----	30.4	
<u>Total Federal Land</u> -----	217.7*	59.2%
<u>National Park System</u> ⁷ -----	51.0**	13.9%
(Parks Acreage Also Within the National Wilderness Preservation System: 32.4)		
Parks/Monuments Established Prior to 1980-----	7.5	
Parks/Monuments Established in Alaska Lands Act ¹¹ -----	24.6	
Preserves Established in Alaska Lands Act ¹¹ -----	18.9	
<u>U.S. Fish and Wildlife System</u> ⁸ -----	76.0**	20.6%
(Refuge Acreage also within the National Wilderness Preservation System: 18.6)		
Refuges Established Prior to Alaska Lands Act -----	22.3	
Refuges Established in Alaska Lands Act ¹¹ -----	53.7	
<u>U.S. Forest System</u> ⁹ -----	23.2**	6.3%
(Forest Acreage also within the National Wilderness Preservation System: 5.4)		
Forests Established Prior to Alaska Lands Act -----	19.8	
Forests Established in Alaska Lands Act ¹¹ -----	3.4	
<u>Bureau of Land Management</u> -----	65.0**	17.7%
National Petroleum Reserve-Alaska -----	22.4	
Areas Established in Alaska Lands Act ¹¹ -----		
Conservation and Recreation Areas -----	2.2	
Nat'l Wild & Scenic Rivers System -----	1.5	
Other Alaska Lands -----	38.9	
<u>Military Lands</u> ¹⁰ -----	2.5**	0.7%

Note: Because of unresolved overlaps between state and native selection and various federal designations, the sum of subtotals exceeds the statewide total.

*Figures add to statewide total.

**Figures add to federal total.

RECEIVED

FEB 23 1984

DIV. OF TECHNICAL
SERVICES

- SOURCES:
1. Alaska Statehood Act P.L. 85-508 (January 3, 1959)

General Grant Sec. 6(b)-----	102,550,000
Community Grant Sec. 6(a)-----	400,000
Community-National Forest Sec. 6(a)	400,000
Territorial Grants-----	1,200,000+
School Land Settlement P.L. 96-487	75,000
 2. Monthly Land Activity Report. Selected land figure includes unresolved overlaps with certain Native land selections.
 3. Represents state and federal land disposals including an estimated 700,000 acres to be conveyed to individual Alaskan Natives under the Native Allotment Act of 1906.
 4. Alaska Native Claims Settlement Act P.L. 92-203 (December 18, 1970).
 5. Resource Assessment System, Department of Natural Resources.
 6. Bureau of Land Management, Division of ANCSA Operations.
 7. National Park Service, Department of Interior.
 8. U.S. Fish and Wildlife Service, Department of Interior.
 9. U.S. Department of Agriculture, Forest Service: Chugach Forest, 4.6 million; Tongass Forest, 15.2 million.
 10. Public Land Statistics, Bureau of Land Management, 1977.
 11. Alaska National Interest Lands Conservation Act P.L. 96-487 (December 2, 1980.)

Prepared By

Alaska Department of Natural Resources
Division of Land and Water Management

Introduced: 4/11/85
Referred: Finance

BY HALFORD, FAIKS, SACKETT,
BENNETT, STURGULEWSKI, V. FISCHER,
JOSEPHSON, ELIASON AND FERGUSON

1 IN THE SENATE

2

SENATE BILL NO. 281

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the interest rate on state loan
7 programs; and providing for an effective date."

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

9 * Section 1. AS 37.05.035 is amended by adding a new subsection to
10 read:

11 (b) Notwithstanding any other provision of law, the interest
12 rate for loan programs administered by the state or an instrumentality
13 of the state shall increase by one-half percent October 1 of each year
14 until the interest rate is equal to

15 (1) the prevailing market rate for each type of loan; or
16 (2) the cost of funds, if the loan program is financed by
17 the sale of bonds or other indebtedness.

18 * Sec. 2. This Act takes effect October 1, 1985.

COMMITTEE REPORT
SENATE

FURTHER:

1/12/85

Date 2/24/85

Mr. President

The Committee on FINANCE considered SB 283
relating to Winter Olympic Funding; et al.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
 - new title
 - same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB 283(Fin)
 Title: An Act relating to Winter Olympic funding
 Sponsor: Kelly, et al
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: General Government
 BRU, Program or Subprogram(s) Affected: PFD - Admin Services DWP

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING		-0-				
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		-0-				
400 SUPPLIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS		-0-				
800 MISCELLANEOUS		-0-				
TOTAL OPERATING		-0-				
CAPITAL		-0-				
REVENUE		-0-				

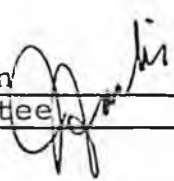
FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER		-0-				
TOTAL		-0-				

POSITIONS:

FULL-TIME		-				
PART-TIME		-				
TEMPORARY		-				

ANALYSIS: Attach a separate page if necessary

Prepared By: Jan Faiks, Co-chairman  Phone: 465-4523
 Division: Senate Finance Committee Date: 4/24/85

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

Original sponsors: Kelly, Josephson,
Sturgulewski, et al

1
2 IN THE SENATE

BY THE FINANCE COMMITTEE

3 CS FOR SENATE BILL NO. 283 (Fin)

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 FOURTEENTH LEGISLATURE - FIRST SESSION

6 A BILL

7 For an Act entitled: "An Act relating to Winter Olympic funding; and
8 providing for an effective date."

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

10 * Section 1. AS 05.35 is amended by adding new section to read:

11 Sec. 05.35.100. ALASKA WINTER OLYMPICS ACCOUNT. (a) There is
12 created in the general fund an Alaska Winter Olympics account. The
13 Department of Revenue shall prepare the permanent fund dividend appli-
14 cation to allow applicants to designate that \$5 of the dividend be
15 subtracted from their check and contributed to the Alaska Winter
16 Olympics account. Permanent fund dividend contributions shall be
17 deposited in the Alaska Winter Olympics account. The Department of
18 Revenue may use money in the Alaska Winter Olympics account to pay
19 administrative costs incurred under this section.

20 (b) The Alaska Winter Olympics account shall be held in trust by
21 the Department of Administration for distribution to the official
22 Olympic Organizing Committee in Alaska to be used to develop facili-
23 ties for Winter Olympic training and competition and to attract the
24 Winter Olympics to Alaska.

~~DELETE~~

25 ~~* Sec. 2. If the United States Olympic Committee selects Alaska as the~~
26 ~~nation's nominee to host the 1992 Winter Olympic Games after July 1, 1986,~~
27 ~~this Act is retroactive to July 1, 1986.~~

28 * Sec. 3. This Act takes effect July 1, 1986, if the United States
29 Olympic Committee selects Alaska as the nation's nominee to host the 1992
Winter Olympic Games.

Original sponsors: Kelly, Josephson,
Sturgulewski, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 283 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to Winter Olympic funding; and
7 providing for an effective date."

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

9 * Section 1. AS 05.35 is amended by adding new section to read:

10 Sec. 05.35.100. ALASKA WINTER OLYMPICS ACCOUNT. (a) There is
11 created in the general fund an Alaska Winter Olympics account. The
12 Department of Revenue shall prepare the permanent fund dividend appli-
13 cation to allow applicants to designate that \$5 of the dividend be
14 subtracted from their check and contributed to the Alaska Winter
15 Olympics account. Permanent fund dividend contributions shall be
16 deposited in the Alaska Winter Olympics account. The Department of
17 Revenue may use money in the Alaska Winter Olympics account to pay
18 administrative costs incurred under this section.

19 (b) The Alaska Winter Olympics account shall be held in trust by
20 the Department of Administration for distribution to the official
21 Olympic Organizing Committee in Alaska to be used to develop facili-
22 ties for Winter Olympic training and competition and to attract the
23 Winter Olympics to Alaska.

24 * Sec. 2. This Act takes effect July 1, 1986, if the United States
25 Olympic Committee selects Alaska as the nation's nominee to host the 1992
26 Winter Olympic Games.

Introduced: 4/12/85
Referred: Finance

BY KELLY, JOSEPHSON, STURGULEWSKI,
DEVRIES, FAIKS, RODEY, ABOOD,
KERTTULA, FERGUSON, V. FISCHER
AND FAHRENKAMP

1 IN THE SENATE

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SENATE BILL NO. 283

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - FIRST SESSION

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* Sec. 2. This Act takes effect July 1, 1985.

C+U

SECTIONAL ANALYSIS FOR SENATE BILL 283

An Act relating to Winter Olympic funding

Section 1

Creates the Alaska Winter Olympics account in the general fund. The Department of Revenue would revise Permanent Fund Dividend application forms to allow applicants to designate \$5.00 of their dividend into this Olympics account.

The Winter Olympics Account will be held in trust by the Department of Administration. Funds will be distributed to the U.S. Olympic Committee in Alaska for development of training and competition facilities as well as funding efforts to attract the Winter Olympics to Alaska.

Section 2

Effective date of July 1, 1985.

There is a \$62,100 fiscal note from the Department of Revenue for 1 full-time programmer position and 1 permanent part-time data entry clerk. The fiscal note also includes funds for contractual and supplies.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: SB 283
 Title: An act relating to Winter Olympic funding
 Sponsor: Kelly, et al
 Requestor: Senate Finance
 Date of Request: 4/15/85

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: General Government
 BRU, Program of Subprogram(s) Affected: PFD - Admin. Services DWP

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	55.6	6.4	6.4	6.4	6.4
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	6.2	.6	.6	.6	.6
400 SUPPLIES	-	.3	.1	.1	.1	.1
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	62.1	7.1	7.1	7.1	7.1
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	62.1	7.1	7.1	7.1	7.1
<u>TOTAL</u>	-	62.1	7.1	7.1	7.1	7.1

POSITIONS:

FULL-TIME	-	1	-	-	-	-
PART-TIME	-	1	1	1	1	1
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary.

Please see attached

Prepared By: Ervin B. Jones, Director
 Division: Administrative Services

Phone: 465-2313
 Date: 4/22/85

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 4/22/85

Distribution (by Agency preparing fiscal note):

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

Department of Revenue
Administrative Services Division
Fiscal Note Analysis - SB 283
April 22, 1985

Assumptions:

1. The effective date set limits the requirements of the new section (P. 1, lines 9-21 of SB 283) to Permanent Fund Dividends for years after 1985.
2. The Department of Revenue will accumulate the total of contributions made under AS 05.35.100 and transmit this information to the Department of Administration.
3. An election made under AS 05.35.100 is irrevocable for the year of application.
4. There will be no DP chargeback in FY86 and thereafter.

Program Summary:

The Permanent Fund Dividend system is run on the mainframe computer of the Department of Administration. Section 1 of this bill will require several changes in the PFD program:

- 1) The PFD application will need revision to provide the donation options envisioned, and the instruction booklet will require changes.
- 2) The Document Processing group will need to review applications for the donation option and the data entry section will be keying additional information on each application.
- 3) The data processing programs of the PFD system will require major revisions. Specifically, the data capture programs, the warrant writing stream of programs, the screen-print programs, the history file programs and literally most of the 100+ computer programs that make up this very complex system will need to be revised. In addition, new programs will be needed to gather the information on donations by PFD applicants to provide the information to the Treasury Division of the Department of Revenue and the Department of Administration.

1. Positions

1 PFT Analyst/Programmer IV, R 19, @ \$4,100.75/Mo
including salary and benefits for 12 months = \$49,209

This position will augment the existing DP staff to perform the system analysis and programming required, as described above. This position would be needed for design and program only, with maintenance of the changes and new programs to be done by current staff (FY86 only).

1 PPT Data Entry Clerk I, R 8, @ \$2,120.77/Mo
including salary and benefits, for 3 months = \$6,362

This position would perform the equivalent
additional data capture (ongoing requirement)

TOTAL Personal Services \$55,571

2. Other Expenditures:

a) Travel - None.

b) Contractual:

1. 1 Wang 4250 workstation rented for 12 months
@ \$398/Mo, + \$805 for an emulator board, so
it may be used both as a Wang VS terminal
and an IBM 3278 terminal by the Analyst/Pro-
grammer = \$5,581

2. 1 Wang data entry terminal, rented
for 3 months at \$194.00/Mo, includ-
ing maintenance. 3 monthly payments = \$582

TOTAL CONTRACTUAL \$6,163

c) Supplies - computer paper, desk supplies
for two positions = \$300

d) Equipment - will use existing work areas = -0-

TOTAL EXPENDITURES \$62,034

3. Funding - Permanent Fund Dividend fund.

4. Section Cost Analysis - N/A.

Computations - N/A.

Economic Impact - N/A.

Impact on Local Government - N/A.

Attachments: None

Suggested revisions: None

Introduced: 4/12/85
Referred: Finance

BY KELLY, JOSEPHSON, STURGULEWSKI,
DEVRIES, FAIKS, RODEY, ABOOD,
KERTTULA, FERGUSON, V. FISCHER
AND FAHRENKAMP

1 IN THE SENATE

2

SENATE BILL NO. 283

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to Winter Olympic funding; and
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19 United States Olympic Committee in Alaska to be used to develop
20 facilities for Winter Olympic training and competition and to attract
21 the Winter Olympics to Alaska.

22 * Sec. 2. This Act takes effect July 1, 1985.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB 283(Fin)
 Title: An Act relating to Winter Olympic funding
 Sponsor: Kelly, et al
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: General Government
 BRU, Program or Subprogram(s) Affected: PFD - Admin Services DWP

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING		-0-				
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		-0-				
400 SUPPLIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS		-0-				
800 MISCELLANEOUS		-0-				
TOTAL OPERATING		-0-				
CAPITAL		-0-				
REVENUE		-0-				

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER		-0-				
TOTAL		-0-				

POSITIONS:

FULL-TIME		-				
PART-TIME		-				
TEMPORARY		-				

ANALYSIS: Attach a separate page if necessary

Prepared By: Jan Faiks, Co-chairman Phone: 465-4523
 Division: Senate Finance Committee Date: 4/24/85

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

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

7/1/84

Offered: 4/24/85
Referred: Rules

Original sponsors: Kelly, Josephson,
Sturgulewski, et al

1 IN THE SENATE BY THE FINANCE COMMITTEE

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110
sup 67

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SSB 283 (Fin)
Title: Winter Olympic Funding

Sponsor: Senate Finance
Requestor: House State Affairs
Date of Request: _____

FISCAL DETAIL

Agency Affected: DEPT. OF REVENUE
Program Category Affected: _____
General Government
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			55.6	6.4	6.4	6.4
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800 MISCELLANEOUS						
TOTAL OPERATING			62.1	7.1	7.1	7.1

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER			162.1*	7.1	7.1	7.1
TOTAL			162.1	7.1	7.1	7.1

POSITIONS:

FULL-TIME			1			
PART-TIME			1	1	1	1
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

* Administrative costs will be paid from the Permanent Fund Dividend Fund via the Alaska Winter Olympics account.

Prepared By: Representative Katie Hurley *Katie Hurley* Phone: 465-4963
Division: House State Affairs Committee Date: 5-6-85

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Offered: 4/24/85
Referred: Rules

Original sponsors: Kelly, Josephson,
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