

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 243 thru SB 248

Leg. Files 83

SR

243

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: SB 243
Publish Date: _____

Revision Date: _____

Agency Affected: Department of Revenue

Title: Appropriating all proceeds of Dinkum Sands Case to budget reserve fund

BRU: _____

Sponsor: Senators Bennett & Faiks

Components: _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

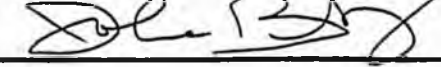
GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Senator John Binkley, co-chairman Phone: 465-4985
Division: Senate Finance Committee Date: 5/5/87

Approved by Commissioner:  Date: _____
Agency: _____

Distribution (by preparer):

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

1 IN THE SENATE

BY BENNETT AND FAIKS

2

SENATE BILL NO. 243

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act appropriating all proceeds of the Dinkum
7 Sands Case to the budget reserve fund; and providing
8 for an effective date."

9

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

10

* Section 1. All money received by the state from the settlement or
11 other conclusion of the Dinkum Sands Case (United States v. Alaska, No. 84
12 original, United States Supreme Court) is appropriated to the budget re-
13 serve fund (AS 37.05.156).

14

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

CSSS B

247

HOUSE COMMITTEE REPORT

(11)

Date referred: 5/15/87

FURTHER REFERRALS:

DATE: 5-16-87

The Finance Committee has considered CSSB 247 (Jud)

"An Act relating to citations for certain offenses; and providing for an effective date."

RECOMMENDS:

- replace with HCS CSSB 247 (FIN) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published _____
- same as previous zero fiscal note published _____

SIGNING DO PASS:

W. Adams
Ronald J. Tamm
Mark Beyer
John
Ray Wallis
Pat Samuels

SIGNING OTHER RECOMMENDATIONS:

ab REC
Steve King No Recommendation
Jay Borger No Rec
Mike W. No REC

W. Adams
 Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCS CSSB 247 (FIN)
Publish Date: _____

REQUEST
Revision Date: _____
Title: "An Act relating to citations for vehicle and traffic offenses."
Sponsor: Judiciary Committee
Requestor: Senate State Affairs

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments & CIR

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS:

No fiscal impact is anticipated.

Prepared by: Francis C. Allan G.C.A.
Division: Alaska State Troopers

Phone: 269-5691

Date: 4/15/87

Approved by Commissioner: [Signature]
Agency: Public Safety

Date: 4/16/87

Distribution (by preparer):

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

JrR
4/16/87

Original sponsor: Judiciary Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 247 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to citations for certain offenses;
7 and providing for an effective date."

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

9 * Section 1. AS 12.25.190(c) is amended to read:

10 (c) The person cited for the crime shall give a written promise
11 to appear in court by signing at least one copy of the written cita-
12 tion prepared by the peace officer and the officer shall deliver a
13 copy of the citation to the person. The written promise requirement
14 of this subsection does not apply to motor vehicle and traffic cita-
15 tions for which a bail or fine schedule has been established under
16 AS 28.05.151, fish and game citations for which a bail schedule has
17 been established under AS 16.05.165, citations issued under AS 18.-
18 35.341, or [AND] citations issued in state park and recreational
19 facilities under AS 41.21.960.

20 * Sec. 2. AS 12.25 is amended by adding a new section to read:

21 Sec. 12.25.195. DISPOSITION OF SCHEDULED OFFENSES. (a) A
22 person cited for an offense for which a scheduled amount of bail or a
23 fine has been established may mail or personally deliver to the clerk
24 of the court with appropriate jurisdiction if aailable offense, or
25 to the clerk of the municipality that issued the citation if a sched-
26 uled municipal fine, the amount of the bail or fine indicated on the
27 citation for the offense together with a copy of the citation signed
28 by the person indicating the person's waiver of court appearance,
29 entry of plea of no contest, and forfeiture of bail or fine. A motor

1 vehicle or traffic citation may be mailed or personally delivered
2 within five days of the date of the citation. A citation for a sched-
3 uled offense other than a motor vehicle or traffic citation may be
4 mailed or personally delivered within 15 days of the date of the
5 citation.

6 (b) When bail or a fine is forfeited under this section, a
7 judgment of conviction shall be entered. The bail or fine paid is
8 complete satisfaction for the offense.

9 * Sec. 3. AS 12.25.200 is amended by adding a new subsection to read:

10 (b) A citation issued under AS 12.25.180 must indicate the
11 amount of bail or fine applicable to the offense, the procedure a
12 person must follow in responding to the citation, and that if the
13 person fails to pay the bail or fine the person must appear in court.
14 In addition, a citation must indicate that the person has a right to

- 15 (1) a trial;
- 16 (2) engage counsel;
- 17 (3) confront and question witnesses;
- 18 (4) testify; and
- 19 (5) subpoena witnesses on the person's behalf.

20 * Sec. 4. AS 12.25.210(a) is amended to read:

21 (a) A peace officer, upon issuing a citation to an alleged
22 violator under AS 12.25.180, shall deposit the original or a copy of
23 the citation with a court having jurisdiction over the alleged of-
24 fense. If the citation charges an offense under a municipal ordinance
25 for which a scheduled fine has been established, the peace officer
26 shall deposit the original or a copy of the citation with the clerk of
27 the municipality that issued the citation, unless otherwise provided
28 under rule adopted by the supreme court.

29 * Sec. 5. AS 12.25.230 is amended to read:

1 Sec. 12.25.230. FAILURE TO OBEY CITATION. Except as provided in
2 (b) of this section, a [A] person who fails to appear in court to
3 answer the citation, regardless of the disposition of the charge for
4 which the citation was issued, is guilty of a misdemeanor and upon
5 conviction is punishable by a fine of not more than \$1,000, or by
6 imprisonment for not more than one year, or by both.

7 * Sec. 6. AS 12.25.230 is amended by adding new subsections to read:

8 (b) If a person is cited for an offense for which an amount of
9 scheduled bail or fine is established and fails to pay the bail or
10 fine, or appear in court, the citation shall be considered a summons
11 for a misdemeanor.

12 (c) If a person cited for an offense for which an amount of
13 scheduled bail or fine has been established appears in court and is
14 found guilty, the penalty imposed for the offense may not exceed the
15 bail or fine established for the offense.

16 * Sec. 7. AS 28.05.041(a) is amended to read:

17 (a) The commissioner shall prescribe and provide suitable appli-
18 cation forms, certificates of title and registration, driver's li-
19 censes and all other forms necessary to carry out the provisions of
20 this title and regulations adopted under this title, the adminis-
21 tration of which is vested in the department, including a standard
22 citation form which meets the requirements of AS 12.25.200 [AS 28.05.-
23 151] and which is in a form necessary to identify the offender and the
24 offense and otherwise necessary to meet the needs of the public safety
25 and the administration of justice as required under that section.

26 * Sec. 8. AS 28.05.151 is repealed and reenacted to read:

27 Sec. 28.05.151. CITATIONS FOR SCHEDULED VEHICLE AND TRAFFIC
28 OFFENSES. The supreme court shall determine by rule or order those
29 motor vehicle and traffic offenses, except for offenses subject to a

1 scheduled municipal fine, that are amenable to disposition without
2 court appearance and shall establish a scheduled amount of bail, not
3 to exceed fines prescribed by law, for each offense. A municipality
4 shall determine by ordinance the municipal motor vehicle and traffic
5 offenses that may be disposed without court appearance and shall
6 establish a fine schedule for each offense.

7 * Sec. 9. AS 28.15.191 is amended by adding a new subsection to read:

8 (f) A municipality that accepts a fine payment after a plea of
9 no contest to a charge of a violation of a municipal ordinance for
10 which a scheduled fine has been established shall forward a record of
11 the payment to the department; however, a conviction for a standing or
12 parking offense need not be reported.

13 * Sec. 10. AS 28.35.145(e) is amended to read:

14 (e) A vehicle owner, or in the case of a leased vehicle a les-
15 see, is guilty of an infraction as described in AS 28.40.050(d) and
16 may be punished by a fine [CIVIL PENALTY] not to exceed \$100, if the
17 vehicle owned or leased by the person is operated in violation of this
18 section. The owner or lessee may not be penalized if the vehicle was
19 stolen, or the driver of the vehicle is convicted under (d) of this
20 section. This subsection does not apply to a lessor of a vehicle if
21 the lessor keeps a record of the name and address of the lessee. A
22 violation of this subsection may not result in the loss of a driver's
23 license or privilege to drive and does not constitute grounds for
24 assessment of demerit points under AS 28.15.221 - 28.15.261. This
25 subsection does not prohibit or limit the prosecution of a vehicle
26 driver for violating (a) or (b) of this section.

27 * Sec. 11. AS 29.25.070(a) is amended to read:

28 (a) For the violation of an ordinance, a municipality may by
29 ordinance prescribe a penalty not to exceed a fine of \$1,000 and

1 imprisonment for 90 days. For a violation that cannot result in
2 incarceration or the loss of a valuable license, a municipality may
3 allow disposition of the violation without court appearance and estab-
4 lish a schedule of fine amounts for each offense.

5 * Sec. 12. This Act takes effect January 1, 1988.
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

ADOPTED

A M E N D M E N T

Offered in the HOUSE

By Gruenberg

TO: CSSB 247(Jud)

Page 4, after line 13:

Insert a new bill section to read:

"* Sec. 10. AS 28.35.145(e) is amended to read:

(e) A vehicle owner, or in the case of a leased vehicle a lessee, is guilty of an infraction as described in AS 28.40.050(d) and may be punished by a fine [CIVIL PENALTY] not to exceed \$100, if the vehicle owned or leased by the person is operated in violation of this section. The owner or lessee may not be penalized if the vehicle was stolen, or the driver of the vehicle is convicted under (d) of this section. This subsection does not apply to a lessor of a vehicle if the lessor keeps a record of the name and address of the lessee. A violation of this subsection may not result in the loss of a driver's license or privilege to drive and does not constitute grounds for assessment of demerit points under AS 28.15.221 - 28.15.261. This subsection does not prohibit or limit the prosecution of a vehicle driver for violating (a) or (b) of this section."

Renumber remaining bill sections accordingly.

(4) HB 225



Alaska Court System

State of Alaska

303 "K" STREET
ANCHORAGE, ALASKA
99501

ARTHUR M. SNOWDEN II
ADMINISTRATIVE DIRECTOR

(907) 274-8611

April 2, 1987

Representative Heinrich Springer
Chair, House Community and Regional
Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

I am writing to provide background about ^{SB247} HB 225, which was introduced at the request of the Alaska Court System. This bill would require municipalities to process uncontested traffic citations issued by their enforcement officers.

In most court locations, citations issued by state enforcement officials and also by municipal enforcement officials are filed with courts. Many of these citations are resolved by a bail forfeiture and plea of no contest. Processing consists of accepting payment from a defendant, either in person or by mail. If a defendant wishes to plead not guilty, a court trial is scheduled. If a defendant does not respond to the citation, a bench warrant or an order to show cause must be issued. However, the vast majority of these matters are resolved by the forfeited payment, without a court appearance.

If an offense is cited under provisions of state law, the resulting fine or forfeiture is paid to the general fund of the State of Alaska. However, under AS 22.15.270, forfeitures resulting from violations of ordinances of municipalities are returned to the political subdivision.

As a practical consequence, this means that court staff, who are funded by the state, perform what is essentially an accounting function for municipalities. The court system proposes that municipalities take over the responsibility for processing these uncontested citation payments. This procedure is currently in place in Juneau, based on a voluntary agreement between the Juneau court and Juneau enforcement officials, and works quite effectively.

Representative Heinrich Springer
April 2, 1987
Page Two

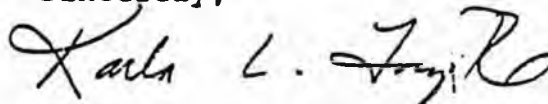
This procedure would benefit the courts, because resources now devoted to processing these payments could be focused on other functions which would benefit both the state and localities, such as pre-trial screening to determine which defendants are able to bear the costs of counsel appointed at public expense. Stepped-up efforts by the court to screen these defendants would result in decreased costs to municipalities because of the decreased burden of paying for costs of defense.

Municipalities would also benefit by assuming direct control over this process. Along these lines, the court system would not object to a provision authorizing municipalities to enact mail-in fine schedules. This would give municipalities the ability to determine appropriate fine payments in conjunction with specific enforcement goals, instead of relying on the supreme court to adopt bail forfeiture schedules.

Some smaller political subdivisions may not have the capability to process these citations. If a municipality can demonstrate that the system as a whole will benefit from retaining this function within the court system, the court system would continue to process these citations for that municipality. It is anticipated that this exemption would apply primarily to outlying communities which issue very few traffic citations.

I hope this information is helpful to the committee. I have also attached a sectional analysis of the bill. If I can provide additional background, please let me know.

Sincerely,



Karla L. Forsythe
Staff Counsel

c: Representative Cato
Representative Herrmann
Representative Collins
Representative Zawacki
Arthur H. Snowden, II

Memorandum

Alaska Court System

TO:

Karla Forsythe
General Counsel

DATE : February 26, 1987

FROM: Robert G. Fisher *RF*
Manager of Fiscal Operations

SUBJECT: Estimate of Municipal
Revenues

You asked for an estimate of revenues from uncontested municipal citations.

This information is not readily available from Administrative or trial court accounting records. Information is available on total municipal traffic revenues for Anchorage and Fairbanks. These courts deposit municipal revenues directly into municipal accounts. The accounts contain both uncontested and contested citation revenues. Bail for contested citations is initially deposited in a court trust account. Upon disposition of a citation in favor of a municipality, bail funds are deposited into the municipal revenue accounts.

To estimate the amount of uncontested municipal traffic citation revenues for Anchorage and Fairbanks, the transferred bail funds were deducted from the total deposits. The following schedule summarizes these calculations.

Municipal Traffic Revenues 1986

	<u>Anchorage</u>		<u>Fairbanks</u>	
	<u>\$</u>	<u>¢</u>	<u>\$</u>	<u>¢</u>
Total Deposits	\$533,300	100	\$86,500	100
Contested Revenues	<u>75,100</u>	<u>14</u>	<u>8,400</u>	<u>10</u>
Estimated Uncontested Revenues	<u>\$458,200</u>	<u>86</u>	<u>\$78,100</u>	<u>90</u>

If you need further information, please let me know.

BILL NO: SB 247

DATE: 4/21/87

TITLE: "An Act relating to citations for vehicle and traffic offenses."

CONTACT: James D. Vaden
Deputy Commissioner

DEPARTMENT OF PUBLIC SAFETY /

Provides uniformity of procedures involving disposition of vehicle or traffic offenses issued under municipal ordinances.

This proposed legislation will not affect the Division of Alaska State Troopers since municipal ordinances are not enforced by A.S.T.

The Division of Alaska State Troopers is neutral on this legislation.


Arthur English
Commissioner

Original sponsor: Judiciary Committee

1 IN THE SENATE BY THE JUDICIARY COMMITTEE
2 CS FOR SENATE BILL NO. 247 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to citations for certain offenses;
7 and providing for an effective date."

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

9 * Section 1. AS 12.25.190(c) is amended to read:

10 (c) The person cited for the crime shall give a written promise
11 to appear in court by signing at least one copy of the written cita-
12 tion prepared by the peace officer and the officer shall deliver a
13 copy of the citation to the person. The written promise requirement
14 of this subsection does not apply to motor vehicle and traffic cita-
15 tions for which a bail or fine schedule has been established under
16 AS 28.05.151, fish and game citations for which a bail schedule has
17 been established under AS 16.05.165, citations issued under AS 18.-
18 35.341, or [AND] citations issued in state park and recreational
19 facilities under AS 41.21.960.

20 * Sec. 2. AS 12.25 is amended by adding a new section to read:

21 Sec. 12.25.195. DISPOSITION OF SCHEDULED OFFENSES. (a) A
22 person cited for an offense for which a scheduled amount of bail or a
23 fine has been established may mail or personally deliver to the clerk
24 of the court with appropriate jurisdiction if aailable offense, or
25 to the clerk of the municipality that issued the citation if a sched-
26 uled municipal fine, the amount of the bail or fine indicated on the
27 citation for the offense together with a copy of the citation signed
28 by the person indicating the person's waiver of court appearance,
29 entry of plea of no contest, and forfeiture of bail or fine. A motor

1 vehicle or traffic citation may be mailed or personally delivered
2 within five days of the date of the citation. A citation for a sched-
3 uled offense other than a motor vehicle or traffic citation may be
4 mailed or personally delivered within 15 days of the date of the
5 citation.

6 (b) When bail or a fine is forfeited under this section, a
7 judgment of conviction shall be entered. The bail or fine paid is
8 complete satisfaction for the offense.

9 * Sec. 3. AS 12.25.200 is amended by adding a new subsection to read:

10 (b) A citation issued under AS 12.25.180 must indicate the
11 amount of bail or fine applicable to the offense, the procedure a
12 person must follow in responding to the citation, and that if the
13 person fails to pay the bail or fine the person must appear in court.
14 In addition, a citation must indicate that the person has a right to

- 15 (1) a trial;
- 16 (2) engage counsel;
- 17 (3) confront and question witnesses;
- 18 (4) testify; and
- 19 (5) subpoena witnesses on the person's behalf.

20 * Sec. 4. AS 12.25.210(a) is amended to read:

21 (a) A peace officer, upon issuing a citation to an alleged
22 violator under AS 12.25.180, shall deposit the original or a copy of
23 the citation with a court having jurisdiction over the alleged of-
24 fense. If the citation charges an offense under a municipal ordinance
25 for which a scheduled fine has been established, the peace officer
26 shall deposit the original or a copy of the citation with the clerk of
27 the municipality that issued the citation, unless otherwise provided
28 under rule adopted by the supreme court.

29 * Sec. 5. AS 12.25.230 is amended to read:

1 Sec. 12.25.230. FAILURE TO OBEY CITATION. Except as provided in
2 (b) of this section, a [A] person who fails to appear in court to
3 answer the citation, regardless of the disposition of the charge for
4 which the citation was issued, is guilty of a misdemeanor and upon
5 conviction is punishable by a fine of not more than \$1,000, or by
6 imprisonment for not more than one year, or by both.

7 * Sec. 6. AS 12.25.230 is amended by adding new subsections to read:

8 (b) If a person is cited for an offense for which an amount of
9 scheduled bail or fine is established and fails to pay the bail or
10 fine, or appear in court, the citation shall be considered a summons
11 for a misdemeanor.

12 (c) If a person cited for an offense for which an amount of
13 scheduled bail or fine has been established appears in court and is
14 found guilty, the penalty imposed for the offense may not exceed the
15 bail or fine established for the offense.

16 * Sec. 7. AS 28.05.041(a) is amended to read:

17 (a) The commissioner shall prescribe and provide suitable appli-
18 cation forms, certificates of title and registration, driver's li-
19 censes and all other forms necessary to carry out the provisions of
20 this title and regulations adopted under this title, the adminis-
21 tration of which is vested in the department, including a standard
22 citation form which meets the requirements of AS 12.25.200 [AS 28.05.-
23 151] and which is in a form necessary to identify the offender and the
24 offense and otherwise necessary to meet the needs of the public safety
25 and the administration of justice as required under that section.

26 * Sec. 8. AS 28.05.151 is repealed and reenacted to read:

27 Sec. 28.05.151. CITATIONS FOR SCHEDULED VEHICLE AND TRAFFIC
28 OFFENSES. The supreme court shall determine by rule or order those
29 motor vehicle and traffic offenses, except for offenses subject to a

1 scheduled municipal fine, that are amenable to disposition without
2 court appearance and shall establish a scheduled amount of bail, not
3 to exceed fines prescribed by law, for each offense. A municipality
4 shall determine by ordinance the municipal motor vehicle and traffic
5 offenses that may be disposed without court appearance and shall
6 establish a fine schedule for each offense.

7 * Sec. 9. AS 28.15.191 is amended by adding a new subsection to read:

8 (f) A municipality that accepts a fine payment after a plea of
9 no contest to a charge of a violation of a municipal ordinance for
10 which a scheduled fine has been established shall forward a record of
11 the payment to the department; however, a conviction for a standing or
12 parking offense need not be reported.

13 * Sec. 10. AS 29.25.070(a) is amended to read:

14 (a) For the violation of an ordinance, a municipality may by
15 ordinance prescribe a penalty not to exceed a fine of \$1,000 and
16 imprisonment for 90 days. For a violation that cannot result in
17 incarceration or the loss of a valuable license, a municipality may
18 allow disposition of the violation without court appearance and estab-
19 lish a schedule of fine amounts for each offense.

20 * Sec. 11. This Act takes effect January 1, 1988.

S B

2 4 8

4/30/88
N(R13)
F

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: : SB 248
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 4/27/88
Title: Refinancing of Land
Sale Contracts
Sponsor: Senator Faiks
Requestor: House Resources

Agency Affected: Natural Resources
BRU: Land & Water Management
and Division of Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The CS for SB 248 applies only to land sale contracts entered into after July 1, 1988; therefore eliminating the need to amend existing contracts. The bill can be implemented using existing staff and resources.

Prepared by: Gary Gustafson Phone: 762-2680
Division: Land and Water Management Date: 4/27/88

Approved by Commissioner: Judith M. Brady Date: 4/27/88
Agency: Natural Resources

Distribution (by preparer):

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

RECEIVED

APR 29 1988 page 1 of 1

SENATE COMMITTEE REPORT

FURTHER:

4/28/87

DATE TURNED INTO OFFICE 5/30/88

Mr. President:

FINANCE Committee considered SB 248

interest rates charged in state land sale contracts.

and recommended:

replace with CS FOR SB 248 (Finance) same title
 or adopt _____ CS FOR _____ new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Bob Frank
[Signature]
[Signature]
[Signature]
[Signature]

[Signature] No Rec

Rick Halford do pass
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to state land sale contracts
Sponsor: Senator Falks
Requestor: Senate Finance Committee

Agency Affected: Dept of Natural Resources
BRU: Land & Water Management & Div of Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: *Rick Halford*
Division: Senator Rick Halford, Co-chairman
Senate Finance Committee

Phone: 465-3753
Date: March 30, 1988

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer):

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



From The
SENATE
FINANCE COMMITTEE

DATE: March 30, 1988

TO: Lynn
Legal Services

FROM: Vicki (4935)
Cap Rm 413

RE: CS for SB 248 (Finance)

Please prepare a Finance CS for SB 348,
per the revised attached work draft.

CS for SB 248 (Finance) was reported out
at our meeting this morning and read across
at the 11:00 am floor session.

Please return final to me ASAP.

THANK!

R U S H

Original sponsor: Faiks

1 IN THE SENATE

By the Finance Committee

2 CS FOR SENATE BILL NO. 248 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state land sale contracts; ^{the interest rate on} and ^{providing for an effective date."}
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. AS 38.05.065(a) is amended to read:

9 (a) The contract of sale for land sold at public auction under
10 AS 38.05.055 shall require the remainder of the purchase price to be
11 paid in monthly, quarterly, or annual installments over a period of 20
12 years, with interest determined under (i) of this section [AT THE
13 PREVAILING RATE FOR REAL ESTATE MORTGAGE LOANS MADE BY THE FEDERAL
14 LAND BANK FOR THE FARM CREDIT DISTRICT FOR ALASKA AT THE TIME THE
15 CONTRACT IS SIGNED]. Installment payments plus interest shall be set
16 on the level-payment basis.

17 * Sec. 2. AS 38.05.065(b) is amended to read:

18 (b) The contract of sale for land sold under AS 38.05.057 and
19 under AS 38.05.078 shall require the remainder of the purchase price
20 to be paid in monthly, quarterly, or annual installments over a period
21 of not more than 20 years. Installment payments plus interest shall
22 be set on the level-payment basis. The interest rate to be charged on
23 installment payments shall be determined under (i) of this section [IS
24 THE PREVAILING RATE FOR REAL ESTATE MORTGAGE LOANS MADE BY THE FEDERAL
25 LAND BANK FOR THE FARM CREDIT DISTRICT FOR ALASKA AT THE TIME THE
26 CONTRACT IS SIGNED].

27 * Sec. 3. AS 38.05.065 is amended by adding a new subsection to read:

28 (i) Except as provided in this subsection, contracts for the
29 sale of land entered into by the department under this section bear

1 interest at 10 percent per annum. The commissioner shall annually
2 review the Consumer Price Index for Anchorage as determined by the
3 Department of Labor. ^{When the annual or cumulative change in} ~~In any year that~~ the Consumer Price Index dif-
4 ~~fers from the index for the previous year by~~ ^{exceeds} 10 percent, the commis-
5 sioner shall adjust the interest rate under this section correspond-
6 ingly by one percentage point.

7 ~~* Sec. 4. A purchaser holding a land sale contract entered into under~~
8 ~~AS 38.05.065(a) or (b) before the effective date of this Act may refinance~~
9 ~~the contract on payment of a refinancing fee of \$250. The interest rate~~
10 ~~charged on the balance due after refinancing shall be the rate charged by~~
11 ~~the Department of Natural Resources at the time the refinancing fee was re-~~
12 ~~ceived. A purchaser may not refinance a contract under this section more~~
13 ~~than once.~~

14 * Sec. ~~4~~ ⁴. ~~The provisions of sec. 4 of this Act do not apply to con-~~
15 ~~tracts for the sale of~~ ^{state lands entered into before the effective date of this Act.} ~~mental health trust land or university trust land.~~

16 * Sec. 5. This Act takes effect July 1, 1989.
17
18
19
20
21
22
23
24
25
26
27
28
29

Wicki
3/30/88

5-102

Bradley
2/29/88

Original sponsor: Faiks

1 IN THE SENATE

By the Finance Committee

2 CS FOR SENATE BILL NO. 248 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ^{the interest rate on (RH)} state land sale contracts; ^{and} _{providing for an effective date.}"
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. AS 38.05.065(a) is amended to read:

9 (a) The contract of sale for land sold at public auction under
10 AS 38.05.055 shall require the remainder of the purchase price to be
11 paid in monthly, quarterly, or annual installments over a period of 20
12 years, with interest determined under (i) of this section [AT THE
13 PREVAILING RATE FOR REAL ESTATE MORTGAGE LOANS MADE BY THE FEDERAL
14 LAND BANK FOR THE FARM CREDIT DISTRICT FOR ALASKA AT THE TIME THE
15 CONTRACT IS SIGNED]. Installment payments plus interest shall be set
16 on the level-payment basis.

17 * Sec. 2. AS 38.05.065(b) is amended to read:

18 (b) The contract of sale for land sold under AS 38.05.057 and
19 under AS 38.05.078 shall require the remainder of the purchase price
20 to be paid in monthly, quarterly, or annual installments over a period
21 of not more than 20 years. Installment payments plus interest shall
22 be set on the level-payment basis. The interest rate to be charged on
23 installment payments shall be determined under (i) of this section [IS
24 THE PREVAILING RATE FOR REAL ESTATE MORTGAGE LOANS MADE BY THE FEDERAL
25 LAND BANK FOR THE FARM CREDIT DISTRICT FOR ALASKA AT THE TIME THE
26 CONTRACT IS SIGNED].

27 * Sec. 3. AS 38.05.065 is amended by adding a new subsection to read:

28 (i) Except as provided in this subsection, contracts for the
29 sale of land entered into by the department under this section bear

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

interest at 10 percent per annum. The commissioner shall annually review the Consumer Price Index for Anchorage as determined by the Department of Labor. ^{When the annual or cumulative change in the CPI exceeds 10%} ~~In any year that the Consumer Price Index differs from the index for the previous year by 10 percent,~~ ^{initial contract (RH)} the commissioner ^{upon request (RH)} shall adjust the interest rate under this section correspondingly by one percentage point.

~~* Sec. 4. A purchaser holding a land sale contract entered into under AS 38.05.065(a) or (b) before the effective date of this Act may refinance the contract on payment of a refinancing fee of \$250. The interest rate charged on the balance due after refinancing shall be the rate charged by the Department of Natural Resources at the time the refinancing fee was received. A purchaser may not refinance a contract under this section more than once.~~

* Sec. ⁴ ~~3~~. ~~The provisions of sec. 4 of this Act do not apply to contracts for the sale of mental health trust land or university trust land, state lands entered into before the effective date of this Act.~~

* Sec. 5. This Act takes effect July 1, 1988.

Original sponsor: Faiks

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 248 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 38.05.065(a) is amended to read:

10 (a) The contract of sale for land sold at public auction under
11 AS 38.05.055 shall require the remainder of the purchase price to be
12 paid in monthly, quarterly, or annual installments over a period of 20
13 years, with interest determined under (i) of this section [AT THE
14 PREVAILING RATE FOR REAL ESTATE MORTGAGE LOANS MADE BY THE FEDERAL
15 LAND BANK FOR THE FARM CREDIT DISTRICT FOR ALASKA AT THE TIME THE
16 CONTRACT IS SIGNED]. Installment payments plus interest shall be set
17 on the level-payment basis.

18 * Sec. 2. AS 38.05.065(b) is amended to read:

19 (b) The contract of sale for land sold under AS 38.05.057 and
20 under AS 38.05.078 shall require the remainder of the purchase price
21 to be paid in monthly, quarterly, or annual installments over a period
22 of not more than 20 years. Installment payments plus interest shall
23 be set on the level-payment basis. The interest rate to be charged on
24 installment payments shall be determined under (i) of this section [IS
25 THE PREVAILING RATE FOR REAL ESTATE MORTGAGE LOANS MADE BY THE FEDERAL
26 LAND BANK FOR THE FARM CREDIT DISTRICT FOR ALASKA AT THE TIME THE
27 CONTRACT IS SIGNED].

28 * Sec. 3. AS 38.05.065 is amended by adding a new subsection to read:

29 (i) Except as provided in this subsection, contracts for the

1 sale of land entered into by the department under this section bear
2 interest at 10 percent per annum. The commissioner shall annually
3 review the Consumer Price Index for Anchorage as determined by the
4 Department of Labor. When the annual or cumulative change in the
5 Consumer Price Index exceeds 10 percent, the commissioner shall adjust
6 the interest rate under this section correspondingly by one percentage
7 point.

8 * Sec. 4. This Act does not apply to contracts for the sale of state
9 land entered into before July 1, 1988.

10 * Sec. 5. This Act takes effect July 1, 1988.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Refinancing of Land Sale Contracts
Sponsor: Senator Faiks
Requestor: Senate Finance

Agency Affected: Dept. of Natural Resources
BRU: Land and Water Management and
Div. of Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		300.4	310.1	0	0	0
TRAVEL		0	0			
CONTRACTUAL		3.0	3.0			
SUPPLIES		19.5	17.5			
EQUIPMENT		13.6	0			
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		336.6	351.1	0	0	0
CAPITAL						
REVENUE		550.0	550.0			

FUNDING: (Thousands of Dollars)

GENERAL FUND		336.6	351.1			
FEDERAL FUNDS						
OTHER						
TOTAL		336.6	351.1			

POSITIONS:

FULL-TIME		8	8			
PART-TIME		1/2	1/2			
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

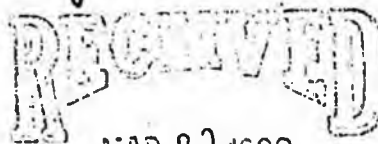
* See attached for information on revenue.

by SFC 3/30/88

Prepared by: Janet Burleson Phone: 465-3400
Division: Land and Water Management Date: 3/29/88

Approved by Commissioner: Judith M. Bur Date: _____
Agency: Natural Resources

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



MAR 30 1988

Fiscal Note
Page 2 of 8
SB 248 Refinancing of Land Sale Contracts

Analysis:

With the passage of SB 248 the Department of Natural Resources would have to negotiate and process a large number of contract amendments. These amendments could not be performed with existing personnel. We expect the greatest volume of requests to be experienced during the first year of eligibility under the bill. However, some requests may also be expected during the second year. Only a few would occur in subsequent years.

The contract negotiation and amending of contracts would be done by the Resource Officers and Technicians in the Division of Land and Water Management. A Natural Resource Officer II would supervise this task. The Accounting Technician positions would be in the Division of Management and would audit, change bills, cancel defaults, adjust accounts, close leases, transfer credits and communicate with affected parties.

100 Personal Services

		<u>FY 89</u>	<u>FY 90</u>
1 - NRO II	16 B	\$ 45,016	\$ 45,275
2 - NRO I	14 B	(39,551) 79,102	79,652
2 - NRT I/II	10A/12 A	(30,743) 61,486	(34,234) 68,468
2 - CT III	8 A	(27,730) <u>55,460</u>	(28,430) <u>56,860</u>
	Subtotal	\$241,064	\$250,255
1 - Acct. Tech II	14 B	39,551	39,801
1/2 Acct. Tech II	14 B	<u>19,775</u>	<u>20,025</u>
	Subtotal	\$ 59,326	\$ 59,826
	TOTAL	\$300,390	\$310,081
200 - Travel		-0-	-0-
300 - Contractual		3,000	3,000
400 - Commodities			
a) Supplies - paper, envelopes			
Printed forms, folders			
labels, contracts -		3,500	2,500
b) Calculators - 7@ \$150 = \$1,050		1,050	-0-
c) Postage & Certified Mail RRR			
2 mailings @ \$.25 X 4400 =		1,100	1,100
3 Certified mailings			
3 @ \$2.10 = \$6.30			
4400 @ \$6.30 =		<u>13,860</u>	<u>13,860</u>
	Total	<u>19,510</u>	<u>17,460</u>

500 - Equipment

\$ 13,650

-0-

4 Terminals @ \$2,200 = \$8,800

9 Desks & Chairs @ \$500 = \$4,500

7 Phones & Install @ \$50 = \$350

*NOTE: At \$250 document handling fee for 4400 = \$550,000/yr. assuming even distribution.

This fiscal note could be funded by the program receipts mentioned above. There are currently 4369 contracts with an interest rate of 11% or above. Assuming that there will be a few contracts between 10% and 11% interest the number for calculation purposes is 4400.

The loss in revenue due to refinancing at a lower interest rate will still have be computed. This loss may be only a paper loss, however, because without refinancing at a lower interest rate, defaults on land contracts will continue to occur. Currently, defaults are occurring at a rate of 30 per month, with an average parcel value of \$10,000.

Position Title Natural Resource Officer II			No. of Positions 1	Range/Step 16B	Barg. Unit GGU
Time Status	Staff Months 12		Location Anchorage		Election District
Type of Expenditure			Amount		
1	2	3			
Salary					
Benefits					
Premium Pay					
Other					
Total Personal Services		\$45,016.00			
Travel					
Contractual					
Commodities					
Equipment			2,750.00		
Other					
Total Cost			47,766.00		
Funding Source for Total Cost					
Federal Receipts 1002					
G. F. Match 1003					
General Fund 1004					
GF Program Receipts 1005					
Other					
Justification					
This position will be the project leader for implementation of the refinancing provisions of SB 248. Duties include supervising two NRO I's and other support staff. This team will be responsible for contacting holders to notify them of this option (approximately 4400), calculating the savings to the individual if necessary, amortizing the payment schedules, sending out contracts, etc.					

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 4 of 8
 Revised Date

FY 89

Position Title Natural Resource Officer I			No. of Positions 2	Range/Step 14B	Barg. Unit GGU	
Time Status	Staff Months 24		Location Anchorage		Election District	
Type of Expenditure			Justification			
			<p>These two positions will be working on the refinancing provided by SB 248. They will work under the project leader sending out notices, recalculating contracts, refiguring amortization rates, etc.</p>			
1		2				3
Salary						
Benefits						
Premium Pay						
Other						
Total Personal Services						\$79,102.00
Travel						
Contractual						300.00
Commodities						
Equipment						5,500.00
Other						
Total Cost			84,902.00			
Funding Source for Total Cost						
Federal Receipts 1002						
G. F. Match 1003						
General Fund 1004						
GF Program Receipts 1005						
Other						

**Request For
New Position**

Agency Natural Resources
 DRU Land and Water Management
 Component Land & Water Public Use

Page 5 of 8
 Revised Date

FY 89

Position Title Natural Resource Technician I/II		No. of Positions 2	Range/Step 10A/12A	Barg. Unit GGU
Time Status	Staff Months 24	Location Anchorage		Election District
Justification				
These two positions will be part of the team working on the refinancing for land contracts provided by SB 248. The team will be sending notices, reviewing and retyping contracts.				
Type of Expenditure		Amount		
1	2	3		
Salary				
Benefits				
Premium Pay				
Other				
Total Personal Services		\$61,486.00		
Travel				
Contractual		300.00		
Commodities				
Equipment		1,100.00		
Other				
Total Cost		62,886.00		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005			
Other				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water
 Component Land and Water Public Use

Page 6 of 8
 Revised Date

FY 89

Position Title Clerk Typist III		No. of Positions 2	Range/Step 8A	Barg. Unit GGU
Time Status	Staff Months 24	Location Anchorage		Election District
Justification				
These two positions will be part of team responsible for figuring the refinancing for state land contracts affected by SB 248.				
Type of Expenditure		Amount		
1	2	3		
Salary				
Benefits				
Premium Pay				
Other				
Total Personal Services		\$55,460.00		
Travel				
Contractual				
Commodities		150.00		
Equipment		1,100.00		
Other				
Total Cost		56,710.00		
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004				
GF Program Receipts 1005				
Other				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 7 of 8
 Revised Date _____

FY 89

Position Title Accounting Technician II			No. of Positions 1,5	Range/Step 14B	Barg. Unit GGU
Time Status	Staff Months 18		Location Anchorage		Election District
Justification					
These positions are needed to implement SB 248. They would be located in the Division of Management and would audit, change bills cancel defaults, adjust accounts, close leases, transfer credits and communicate with the public.					
Type of Expenditure			Amount		
1	2	3			
Salary					
Benefits					
Premium Pay					
Other					
Total Personal Services		\$59,326.00			
Travel					
Contractual					
Commodities		300.00			
Equipment		3,300.00			
Other					
Total Cost		62,926.00			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004				
GF Program Receipts	1005				
Other					

**Request For
New Position**

Agency Department of Natural Resources
 BRU Div. of Management
 Component Administrative Services

Page **8** of **8**
 Revised Date

FY 89

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

March 29, 1988

The Honorable Rick Halford
Co-Chair, Senate Finance Committee
The Honorable John Binkley
Co-Chair, Senate Finance Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Halford and Senator Binkley:

Subject: Senate Bill 248, an act relating to the interest rates charged in state land sale contracts.

Position: The department supports this bill. The current method of linking land sale contract interest rates to a federal agricultural lending program results in interest rates that bear little relation to the market rates for unimproved land. The proposed rate of 10% will be easier to administer. The provision for rate adjustment is advisable as it allows market conditions to influence the interest rate.

Background: Though there will be some loss of revenue to the state by lowering interest rates, it should be offset by the benefits derived.

Although the exact number is impossible to calculate, lower interest rates should result in fewer defaults. The cost of resale and the fact that value will be lower when we reoffer the land makes refinancing a preferable alternative from the fiscal point of view. The state offered land conveyances at great expense to provide land for private ownership, and our focus is to keep it in private ownership. Lowering and stabilizing the interest rate will make it easier for Alaskans to keep their parcels.

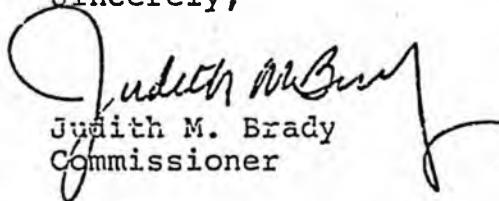
Senator Rick Halford
Senator John Binkley

-2-

March 29, 1988

Recommendation: The department supports this legislation as it will help keep property in private lands. As always, I look forward to making myself and my staff available to work with the committee and sponsors as this bill progresses through the legislature.

Sincerely,



Judith M. Brady
Commissioner

cc: Committee Members
Bill Sponsor
Bob Evans
Rod Swope
Meg Hayes, Director
Janet Burleson, Legislative Liaison
Division of Land & Water Management

FISCAL NOTE

REQUEST:

Revision Date: 3/29/88
Title: Relating to state land sale contracts
Sponsor: Faiks
Requestor: _____

Agency Affected: Natural Resources
BRU: Land & Water Management
Division of Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		300.4	310.1			
TRAVEL		0	0			
CONTRACTUAL		3.0	3.0			
SUPPLIES		19.5	17.5			
EQUIPMENT		13.6	0			
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		336.6	351.1			

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

REVENUE		550.0	550.0			
---------	--	-------	-------	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		40.6				
FEDERAL FUNDS						
OTHER		296.0	351.1			
TOTAL		336.6	351.1			

POSITIONS:

FULL-TIME		8	8			
PART-TIME		5	5			
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached.

Prepared by: _____ Phone: _____
Division: _____ Date: _____

Approved by Commissioner: Senator Rick Halford Date: 3/30/88
Agency: Senate Finance Co-Chairman

Distribution (by preparer):

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version : SB 248
Publish Date : _____

Revision Date: 5/8/87
Title: Interest Rates Charged in State
Land Sale Contracts
Sponsor: Senator Faiks
Requestor: Senate Resources

Agency Affected: Natural Resources
BRU: Land and Water Management

Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		309.3	309.3			
TRAVEL		0.0	0.0			
CONTRACTUAL		15.4	15.4			
SUPPLIES		7.1	2.5			
EQUIPMENT		3.6	0.0			
LAND & STRUCTURES		0.0	0.0			
GRANTS, CLAIMS		0.0	0.0			
MISCELLANEOUS		0.0	0.0			
TOTAL OPERATING		335.4	327.2	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		40.6				
FEDERAL FUNDS						
OTHER		294.8	327.2			
TOTAL		335.4	327.2			

POSITIONS:

FULL-TIME		10.0	10.0			
PART-TIME		1.0	1.0			
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Tom Hawkins
Division: Land and Water Management

Phone: 465-2400
Date: 5/8/87

Approved by Commissioner: *Judith M. Burt*
Agency: Natural Resources

Date: _____

Distribution (by preparer):

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

RECEIVED
MAY 12 1987

Page _____ of _____

LEGISLATIVE FINANCE

Fiscal Note Analysis
SB 248

<u>Line Item Expenditures</u>	Rev. Annual Cost	# Of Positions/Cost	
		<u>FY 88</u>	<u>FY 89</u>
<u>100</u>			
Document Processing Clerk II	25.1	4.0/100.4	4.0/100.4
Natural Resource Tech II	30.7	4.0/122.8	4.0/122.8
Natural Resource Officer I	33.6	1.0/33.6	1.0/33.6
Natural Resource Manager I	43.6	0.5/21.8	0.5/21.8
Accounting Tech I	30.7	1.0/30.7	1.0/30.7
		<u>309.3</u>	<u>309.3</u>
<u>200</u>			
No Travel Expenses		0.0	0.0
<u>300</u>			
Certified Mail, Xerox, Telephone, Terminal Hookups, Advertising		15.4	15.4
<u>400</u>			
Misc. Supplies		7.1	7.1
<u>500</u>			
2 Terminals/2 Calculators		3.6	0.0
		<u>335.4</u>	<u>327.2</u>

DISCUSSION: Revisions made to the 4/22/87 fiscal note are as follows:

- 1) One position is authorized in FY 88 from general funds (40.6) to provide initial notification to these eligible to amend their contracts (100 - Natural Resource Officer I, 1.0/33.6; 300 - Certified Mail, Xerox, Advertising, 5.0; 400 - Miscellaneous Supplies - 2.0). No general funds are provided for FY 89.
- 2) Individual position costs have been reduced by 10% to conform with existing personal services funding levels of 90%.
- 3) The Department's assumption that workload will be substantially more in FY 88 than FY 89 is not reflected. Instead, in this revision positions are reduced in FY 88 and

increased in FY 89 in an attempt to more accurately reflect potential workload generated. This revision would allow for a "start-up" period to set up the unit and inform the public of the availability of refinancing.

4) Because this proposed program will operate on program receipts, it is essential that the authority to receive these funds be established. House Bill 263, dealing with establishing program receipt authority, needs to be amended to provide this authorization.

5) The Department's 4/22/87 fiscal note did not reflect the source of funding. In this revision, it is established as other funding or program receipts, except for the one start-up position to be funded by general funds.

* Sec. 3. A purchaser holding a land sale contract entered into under AS 38.05.065(a) or (b) before the effective date of this Act may amend the contract upon payment of an administrative service fee of \$250. The Commissioner of Administration shall separately account for all administrative service fees collected under this section that the Department deposits in the general fund. The annual estimated balance in this account may be used by the legislature to make appropriations to the department to carry out the purposes of AS 38.05.065. The interest charged on the balance due after the amendment shall be the rate charged by the Department of Natural Resources at the time the administrative service fee was received. A purchaser may not amend a contract under this section more than once.

DAVE FAZISH
X4523

Letter of Intent

SB 248

If the Department of Natural Resources should find that the staffing and associated program receipts provided for in the fiscal note are insufficient to meet the refinancing demand for state land sale contracts, the department shall come to the Legislative Budget and Audit Committee for increased program receipt authorization.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

May 8, 1987

The Honorable Jan Faiks
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

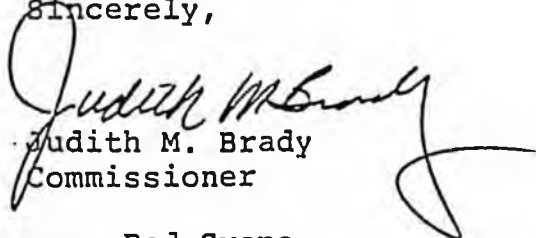
Dear Senator Faiks:

After further discussions with Dave Parish of your staff and Tom Maher, Legislative Finance Division, we have revised the fiscal note prepared by Tom Maher (dated 4/16/87) for SB 248 relating to changing the interest rates charged for state land sale contracts.

Because this proposed program will operate from program receipts, except for one start-up position, it is essential that the authority to receive these funds be established. House Bill 263, dealing with establishing program receipt authority, needs to be amended to provide this authorization.

Please contact Tom Hawkins of my staff if you need further assistance, or if you have questions about this revised fiscal note.

Sincerely,



Judith M. Brady
Commissioner

cc: Rod Swope
George Sullivan

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : SB 248
Publish Date : _____

REQUEST: _____
Revision Date: 4/22/87
Title: Interest rates charged in state land sale contracts
Sponsor: Falks
Requestor: Senate Resources

Agency Affected: Natural Resources
BRU: Land and Water Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		592.1	308.1	17.1	17.1	17.1
TRAVEL		0	0	0	0	0
CONTRACTUAL		15.4	10.0	5.0	5.0	5.0
SUPPLIES		7.1	2.5	.5	.5	.5
EQUIPMENT		3.6	0	0	0	0
LAND & STRUCTURES		0	0	0	0	0
GRANTS, CLAIMS		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
TOTAL OPERATING		618.2	320.6	22.6	22.6	22.6
CAPITAL		0	0	0	0	0
REVENUE		*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		17	8.5			
PART-TIME		.5	.5	.5	.5	.5
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* See attached for information on revenues.

Prepared by: Tom Hawkins Phone: 465-2400
Division: Land and Water Management Date: _____

Approved by Commissioner: Judith M. Brubaker Date: _____
Agency: Natural Resources

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Sen. Secretary

APR 28 1987

Line Item Expenditures

100

	Annual <u>Cost</u>	<u>#Positions/Cost</u>	
		<u>FY88</u>	<u>FY89</u>
Document Processing Clerk II	27.9	4.5/125.6	2.0/55.8
Natural Resource Technician II	34.1	6.0/204.6	3.0/102.3
Natural Resource Officer I	37.3	5.0/186.5	2.0/74.6
Natural Resource Manager I	48.4	0.5/24.2	0.5/24.2
Accounting Tech I	34.1	<u>1.5/51.2</u>	<u>1.5/51.2</u>
		592.1	308.1

FY 90 - 92 One Accounting Tech I - 6 months - \$17.1

Analysis

With the passage of SB 248, the Department of Natural Resources would have to negotiate and process a large number of contract amendments. These amendments could not be performed with existing personnel. We expect the greatest volume of requests to be experienced during the first year of eligibility under the bill. However, some requests may also be expected during the second year. Only a few would occur in subsequent years.

The contract negotiation and redrafting of contracts would be done by the Natural Resource Technicians and officers in the Division of Land and Water Management. A Natural Resource Manager I would supervise this task. The Accounting Technician positions would be in the Division of Management and would audit, change bills, cancel defaults, adjust accounts, close leases, transfer credits and communicate with the public.

200

No travel expenditures

300

Certified mail, xerox, telephone, terminal hookups	15.4	10.0
---	------	------

400

Misc. supplies	7.1	2.5
----------------	-----	-----

500

2 terminals and 2 calculators	3.6	0
	<u>618.2</u>	<u>320.6</u>

Revenues

Long term changes in revenue are difficult to calculate.

The approximately 6000 land sale contracts that are expected to be refinanced under this bill would bring in \$1.5 million over a two year period (6000 contracts X \$250.00 = \$1,500,000)

The loss in revenue due to refinancing 6000 parcels with an estimated total value of \$60 - \$70 million at a lower interest rate would be about \$1.5 million/year, assuming an average 3% reduction in interest rates over the life of the contracts. This loss may be only a paper loss, however, because without refinancing at a lower interest rate, defaults on land contracts will continue to occur. Currently, defaults are occurring at a rate of 90 per month, with an average parcel value of \$10,000.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST:
 Revision Date: 4/27/87
 Title: Interest Rates Charged in State Land Sale Contracts
 Sponsor: Falks
 Requestor: Senate Resources

Bill Version: CS SB 248 Real
 Publish Date: 4-28

Agency Affected: Natural Resources
 BRU: Land & Water Management

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FK 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		109.2				
TRAVEL		0				
CONTRACTUAL		6.0				
SUPPLIES		4.0				
EQUIPMENT		2.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		120.7				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		120.7				
TOTAL		120.7				

POSITIONS:

FULL-TIME		3.0				
PART-TIME						
TEMPORARY						

ANALYSIS :

Obj JFC 3/30/88

[Signature]

Prepared by: Senator Jack Coghill, Chairman
 Division: (Senate Resources) Committee

Phone: 465-4745
 Date: 4/27/87

Approved by Commissioner: _____
 Agency: _____

Date: _____

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

CS (Rec)
SB 248, Fiscal Note Analysis

<u>Line Item Expenditures</u>	<u>Rev. Annual Cost</u>
<u>100</u>	
Document Processing Clerk II	27.6
Natural Resource Manager I	47.9
Accounting Tech. I	<u>33.7</u>
	109.2
<u>200</u>	
No Travel Expenses	0.0
<u>300</u>	
Certified Mail, Xerox, Telephone, Terminal Hookups, Advertising/Notification	6.0
<u>400</u>	
Misc. Supplies	4.0
<u>500</u>	
2 Terminals/2 Calculators	<u>1.5</u>
Total Costs	120.7

DISCUSSION: Revisions made to the 4/22 fiscal note are as follows:

1) Because this proposed program will operate on program receipts, it is essential that the authority to receive these funds be established. House Bill 263, dealing with establishing program receipt authority, needs to be amended to provide this authorization.

2) The department's 4/22 fiscal note did not reflect the source of funding. In this revision, it is established as other funding or program receipts.

5-1028L ✓
Bradley
5/11/87

Original sponsor: Faiks

CS FOR FINANCE
COMMITTEE'S CONSIDERATION.
DNR IS PREPARING
A SECTIONAL ANALYSIS
WHICH WILL EXPLAIN
THE CHANGES.

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 248 ()
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to state land sale contracts."

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

8 * Section 1. AS 38.05.065(a) is amended to read:

9 (a) The contract of sale for land sold at public auction under
10 AS 38.05.055 shall require the remainder of the purchase price to be
11 paid in monthly, quarterly, or annual installments over a period of 20
12 years, with interest at a [THE PREVAILING] rate that is equivalent to
13 the cost of funds for real estate mortgage loans made by the [FEDERAL
14 LAND BANK FOR THE FARM CREDIT DISTRICT FOR] Alaska Housing Finance
15 Corporation under AS 18.56.098(g) at the time the contract is signed.
16 Installment payments plus interest shall be set on the level-payment
17 basis.

18 * Sec. 2. AS 38.05.065(b) is amended to read:

19 (b) The contract of sale for land sold under AS 38.05.057 and
20 under AS 38.05.078 shall require the remainder of the purchase price
21 to be paid in monthly, quarterly, or annual installments over a period
22 of not more than 20 years. Installment payments plus interest shall
23 be set on the level-payment basis. The interest rate to be charged on
24 installment payments is a [THE PREVAILING] rate that is equivalent to
25 the cost of funds for real estate mortgage loans made by the [FEDERAL
26 LAND BANK FOR THE FARM CREDIT DISTRICT FOR] Alaska Housing Finance
27 Corporation under AS 18.56.098(g) at the time the contract is signed.

28 * Sec. 3. (a) A purchaser holding a land sale contract entered into
29 under AS 38.05.065(a) or (b) before the effective date of this Act may

1 amend the contract upon payment of an administrative service fee of \$250.
2 The interest rate charged on the balance due after the amendment shall be
3 the rate charged by the Department of Natural Resources at the time the
4 administrative service fee was received. A purchaser may not amend a
5 contract under this section more than once.

6 (b) The commissioner of administration shall separately account for
7 all administrative service fees collected under this section that the
8 commissioner deposits in the general fund. The legislature may use the
9 annual estimated balance in this account to make appropriations to the
10 department to carry out this section.

11 * Sec. 4. The provisions of sec. 3 of this Act do not apply to con-
12 tracts for the sale of mental health trust land or university trust land.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

5B24



Alaska State Legislature

SENATE

Office of the President

P.O. Box V
State Capitol
Juneau, Alaska 99811

May 8, 1987

MEMORANDUM

TO: Senator John Binkley, Co-Chairman
Senate Finance Committee

FROM: Senator Jan Faiks
President of the Senate

SUBJECT: Background on Senate Bill 248
An Act relating to the interest rates charged
in state land sale contracts.

Senate Bill 248 has been referred to your committee for consideration. The purpose of this bill is to enable the Department of Natural Resources to issue land sale contracts with interest rates which more closely reflect current market conditions.

Currently AS 38.05.065 requires DNR to charge the prevailing Federal Land Bank (FLB) for the Farm District for Alaska interest rate for land sale contracts. The rate charged by DNR has been based upon the FLB rate since 1979. Originally this was done to ensure an objective, conservative index which tracked market loan rates for unimproved land without too much volatility. Prior to 1979 the statute stated that the rate would be at least five percent, and would be set by the director of the Division of Lands. By the late 1970's this broad guideline caused disagreements prior to every land sale, with the purchasers asking for extremely low rates at a time of double-digit inflation. Thus, the rate was then tied to the FLB rate to eliminate uncertainty by removing the determination decision out of DNR.

The FLB rate for the Alaska District has stayed at 12.75% since 1984. This rate is currently well above the private market levels in Alaska of between nine and ten percent.

Currently the state has 6,000 contracts for land sales. DNR estimates that under the current interest rate, 750 are in foreclosure, and 90 more per month are going into foreclosure, with an average value of \$10,000 per parcel.

The particular provisions of the Committee Substitute for SB 248 are as follows:

Sections 1: Amends the terms of contract of sale by changing the criteria for the statutory interest rate charged on sale contracts for state land sold at auction. Currently the rate for these contracts is the same as the prevailing rate for loans made by the Federal Land Bank for the Farm Credit District for Alaska (now 12 3/4%) Under the amendment the rate would correspond to the cost of funds for real estate mortgage loans made by the Alaska Housing Finance Corporation (now 9 1/8%).

Section 2: Makes the same change for land sold at lottery or under the (repealed) remote parcel program.

Section 3: Allows a purchaser holding a state land sale contract executed before the effective date of the act to amend the contract interest rate portion of that contract to the new rate upon payment of a \$250 service fee. About 6000 existing contracts would have a first year savings of excess of \$250.

Section 4: Establishes clearly the legislature's intent that the interest rate amendment opportunity does not apply to university and mental health lands.

You have been provided a Committee Substitute which reflects the following changes from the Resources Committee Substitute:

Section 3(a) changes "refinancing" to "amending" land sale contracts.

Section 3(b) provides authority for the Department to utilize the funds collected under this program for the administration of the program.



Alaska State Legislature

SENATE

Office of the President

P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3755

March 7, 1988

MEMORANDUM

TO: Senator Rick Halford, Co-Chairman
Senate Finance Committee

FROM: Senator Jan Faiks
President of the Senate

SUBJECT: Background on Senate Bill 248, An Act relating
to state land sale contracts

The purpose of Senate Bill 248 is to enable the Department of Natural Resources to issue land sale contracts with interest rates which more closely reflect current market conditions.

Currently AS 38.05.065 requires DNR to charge the prevailing Federal Land Bank (FLB) for the Farm District for Alaska interest rate for land sale contracts. The rate charged by DNR has been based upon the FLB rate since 1979. Originally this was done to ensure an objective, conservative index which tracked market loan rates for unimproved land without too much volatility.

Prior to 1979 the statute stated that the rate would be at least 5 percent, and would be set by the director or the Division of Lands. By the late 1970's this broad guideline caused disagreements prior to every land sale, with the purchasers asking for extremely low rates at a time of double-digit inflation. Thus, the rate was then tied to the FLB rate to eliminate uncertainty by removing the determination decision out of DNR.

The FLB rate for the Alaska District stayed at 12 3/4 percent between 1984 and May, 1987, when it was lowered to 12 1/4 percent. This rate is currently well above the private market rates in Alaska of between ten and eleven percent.

Currently the State has 6,000 contracts for land sales, with an average value of \$10,000 per parcel. DNR estimates that under the current interest rate, 600 are either in bankruptcy, default, terminated, foreclosed, or delinquent, 59 are under payment moratoriums, and 160 were relinquished to the State during calendar year 1987.

The particular provisions of the proposed Committee Substitute are as follows:

Section 1: Amends the terms of sale contracts by changing the criteria for the statutory interest rate charged on state land sold at auction from the prevailing FLB rate to the rate determined in Section 3.

Section 2: Makes the same change for land sold at lottery or under the (repealed) remote parcel program.

Section 3: Changes the interest rate to 10 percent per year, and requires the commissioner to adjust the interest rate in any year that the consumer price index differs from the previous year by 10 percent.

Section 4: Allows individuals holding current contracts to refinance upon the payment of a \$250 service fee.

Section 5: Establishes clearly the Legislature's intent that the interest rate amendment does not apply to university and mental health trust lands.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED ✓ **
IN ACCORDANCE WITH AS 24.08.035
(see below)
4/9/87

DATE TURNED INTO OFFICE 4/28/87

Mr. President:

RESOURCES Committee considered SB 248

interest rates charged in state land sale contracts.

and recommended:

replace with CS SB 248 (Res) same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

[Signature]
[Signature]
[Signature]

OTHER RECOMMENDATIONS *

[Signature]
[Signature]
[Signature]
* needs review. may result in extremely high rates and defeat intent of land disposal program.

[Signature]
Chairman signature and recommendation

Committee Backup Attached

1 IN THE SENATE

BY FAIKS

2 SENATE BILL NO. 248

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the interest rates charged in
7 state land sale contracts."

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

9 * Section 1. AS 38.05.065(a) is amended to read:

10 (a) The contract of sale for land sold at public auction under
11 AS 38.05.055 shall require the remainder of the purchase price to be
12 paid in monthly, quarterly, or annual installments over a period of 20
13 years, with interest at the [PREVAILING] rate for nonsubsidized real
14 estate mortgage loans made by the [FEDERAL LAND BANK FOR THE FARM
15 CREDIT DISTRICT FOR] Alaska Housing Finance Corporation at the time
16 the contract is signed. Installment payments plus interest shall be
17 set on the level-payment basis.

18 * Sec. 2. AS 38.05.065(b) is amended to read:

19 (b) The contract of sale for land sold under AS 38.05.057 and
20 under AS 38.05.078 shall require the remainder of the purchase price
21 to be paid in monthly, quarterly, or annual installments over a period
22 of not more than 20 years. Installment payments plus interest shall
23 be set on the level-payment basis. The interest rate to be charged on
24 installment payments is the [PREVAILING] rate for nonsubsidized real
25 estate mortgage loans made by the [FEDERAL LAND BANK FOR THE FARM
26 CREDIT DISTRICT FOR] Alaska Housing Finance Corporation at the time
27 the contract is signed.

28 * Sec. 3. A purchaser holding a land sale contract entered into under
29 AS 38.05.065(a) or (b) before the effective date of this Act may refinance
S

1 the contract on payment of a refinancing fee of \$250. The interest charged
2 on the balance due after refinancing shall be calculated under
3 AS 38.05.065(a) or (b) as amended by sec. 1 or 2 of this Act.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Original sponsor: Faiks

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 248 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to state land sale contracts."
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
8 * Section 1. AS 38.05.065(a) is amended to read:
9 (a) The contract of sale for land sold at public auction under
10 AS 38.05.055 shall require the remainder of the purchase price to be
11 paid in monthly, quarterly, or annual installments over a period of 20
12 years, with interest at a [THE PREVAILING] rate that is equivalent to
13 the cost of funds for real estate mortgage loans made by the [FEDERAL
14 LAND BANK FOR THE FARM CREDIT DISTRICT FOR] Alaska Housing Finance
15 Corporation under AS 18.56.098(g) at the time the contract is signed.
16 Installment payments plus interest shall be set on the level-payment
17 basis.
18 * Sec. 2. AS 38.05.065(b) is amended to read:
19 (b) The contract of sale for land sold under AS 38.05.057 and
20 under AS 38.05.078 shall require the remainder of the purchase price
21 to be paid in monthly, quarterly, or annual installments over a period
22 of not more than 20 years. Installment payments plus interest shall
23 be set on the level-payment basis. The interest rate to be charged on
24 installment payments is a [THE PREVAILING] rate that is equivalent to
25 the cost of funds for real estate mortgage loans made by the [FEDERAL
26 LAND BANK FOR THE FARM CREDIT DISTRICT FOR] Alaska Housing Finance
27 Corporation under AS 18.56.098(g) at the time the contract is signed.
28 * Sec. 3. A purchaser holding a land sale contract entered into under
29 AS 38.05.065(a) or (b) before the effective date of this Act may refinance

1 the contract on payment of a refinancing fee of \$250. The interest rate
2 charged on the balance due after refinancing shall be the rate charged by
3 the Department of Natural Resources at the time the refinancing fee was re-
4 ceived. A purchaser may not refinance a contract under this section more
5 than once.

6 * Sec. 4. The provisions of sec. 3 of this Act do not apply to con-
7 tracts for the sale of mental health trust land or university trust land.