

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

CSHJR 68, HJR 72, HJR 72-S, CSHJR 73 184 184

CSHJR

68

SENATE COMMITTEE REPORT

FURTHER

4/4/88

DATE TURNED INTO OFFICE 5/7/88

Mr. President:

FINANCE Committee considered CSHJR 68 (TRSP)

Urging Congress to restore the exemption from the federal excise tax on taxable fuels for certain diesel fuel users

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] 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 ^{0 DATED} [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Frick

Paul Frick

Steve Unger

Rich Helford

W. Kemp

De [Signature]

Rich Helford do pass

Chairman signature and recommendation

[] Committee Backup attached

STATE OF ALASKA
1988 LEGISLATIVE SESSION

No. 1

BILL VERSION: CSHJR 68 (Trsp)
PUBLISH DATE: HOUSE 3/9/88

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: Urging Congress to restore the BRU: Division of Business Development
exemption from federal excise tax/certain diesel fuel users
Sponsor: House Resource Committee Components: _____
Requester: House Resource Committee

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-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Larry Mercurieff, Director
Division: Business Development

Phone: 465-2017
Date: March 8, 1988

Approved by Commissioner: J. Anthony [Signature]
Agency: Department of Commerce and Economic Development

Date: March 8, 1988

Distribution (by preparer):

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

page 1 of 1

09SSD-4/030888a

DCEED Fiscal Note

Original sponsor: Resources Committee

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE JOINT RESOLUTION NO. 68 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Urging Congress to restore the exemption
6 from the federal excise tax on taxable
7 fuels for certain diesel fuel users.

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

9 WHEREAS the State of Alaska has an extensive coastline, an economy
10 dependent on resource extraction and development, and long transportation
11 lines between principal commercial centers; and

12 WHEREAS transportation, commerce, and economic development in the
13 state are greatly dependent on the use of tax exempt fuels, especially
14 diesel fuel, by marine fuel consumers and by other fuel users engaged in
15 resource development and transportation; and

16 WHEREAS the federal government has long exempted from the excise tax
17 diesel fuel sold by a wholesaler dealer to the ultimate consumer of the
18 fuel; and

19 WHEREAS, under the provision that allowed tax-free sales for certain
20 exempt sales purposes, most Alaskans who purchased diesel fuels for off-
21 road use involving, among other activities, commercial fishing, timber,
22 mining, farming, ranching, and marine transportation operations, did not
23 pay the federal excise tax; and

24 WHEREAS the Omnibus Budget Reconciliation Act (P.L. 100-203) requires
25 the collection of diesel fuel taxes at the wholesale level and repeals the
26 provision allowing tax-free sales of diesel and other fuels for certain
27 exempt purposes; and

28 WHEREAS, under that Act, effective April 1, 1988, except for sales of
29 fuel destined for use as heating oil, all sales involving diesel fuel

1 beyond the wholesale level are subject to the excise; and

2 WHEREAS, to implement authority given to the United States Treasury to
3 make exemptions from the tax, regulations proposed by the Internal Revenue
4 Service establish a system by which persons who qualify for exemption from
5 the federal excise tax and who claim the benefit of exemption may, with
6 documentation of the fuel's nontaxable use, apply for a refund of the
7 amount of the excise tax that the person has paid, either quarterly, if the
8 person pays more than \$1,000 per calendar quarter, or annually, as an
9 adjustment to the person's individual income tax; and

10 WHEREAS the tax collection procedure imposed by this Act requires each
11 purchaser of diesel fuel in the marketing chain to remit the tax, adding to
12 the heavy cash flow burden of each party; and

13 WHEREAS the repeal of the exemption and substitution of the refund
14 system will have a generally negative effect on the state's domestic econo-
15 my by reducing the profit margins of many small ventures engaged in commer-
16 cial fishing, timber, mining, farming, ranching, and marine transportation
17 operations, and other resource extraction and development activities; and

18 WHEREAS, in a highly competitive seafood industry that is undercapi-
19 talized and often economically uncertain, repeal of the exemption and
20 imposition of the federal excise tax, even with a refund provision, will
21 have an extraordinarily detrimental effect by making it more difficult for
22 domestic marine fuel suppliers and consumers who use the fuel in fishery
23 activities to compete against foreign flag operators;

24 BE IT RESOLVED by the Alaska State Legislature that the Alaska Con-
25 gressional delegation is urged to introduce and support passage of legis-
26 lation restoring the exemption from payment of the federal excise tax on
27 sales of diesel fuel in place of the amendments made by the Omnibus Budget
28 Reconciliation Act.

29 COPIES of this resolution shall be sent to the Honorable Lloyd

1 Bentsen, Chairman of the Senate Committee on Finance; the Honorable Dan
2 Rostenkowski, Chairman of the House Committee on Ways and Means; and to the
3 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
4 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
5 tion in Congress.



STATE OF ALASKA

HOUSE OF REPRESENTATIVES

Box V, Juneau, Alaska 99811

(907) 465-2487 • 465-2498

REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

M E M O R A N D U M

TO: Senator Rick Halford, Co-chair
Senator John Binkley, Co-chair
Senate Finance Committee

FROM: Representative Cliff Davidson

DATE: May 3, 1988

SUBJECT: House Joint Resolution 68

HJR 68 has a zero fiscal note and addresses federal legislation that took effect April 1 of this year.

The federal government charges a fifteen cents a gallon excise-tax on diesel fuel used for an "on-road" purpose. As part of a deficit-reduction act passed last December, however, Congress mandated an across-the-board tax collection. As of April 1st of this year, all traditionally tax-exempt categories pay the tax.

Intended as a tax for "on-road" users only, this tax will now be charged to all fishermen, loggers, miners, and any other "off-road" user of diesel fuel. The effect of this tax in Alaska, a state that uses an inordinate amount of diesel fuel for "off-road" purposes, is devastating.

HJR 68 sends a message to Congress that we support pending legislation to repeal this new tax collection procedure.



1988 FEB 22 11 22

ALASKA FACTORY TRAWLER ASSOCIATION
4339 21ST AVE. WEST, SUITE 400
SEATTLE, WASHINGTON 98199
(206) 266-6139
TELEFAX 206-266-1841
TELEX 6106012568, ALASKA TRAWL SEA

The Honorable John Warner
United States Senator
421 Senate Russell Office Building
Washington, D.C. 20510

February 22, 1988

Dear Senator Warner:

The Alaska Factory Trawler Association (AFTA), the trade association which represents the factory trawler fleet operating in the North Pacific groundfish fishery, seeks your assistance in a matter of significant economic importance to us and to other segments of the fishing industry - establishing an up-front exemption for fishing vessels from the 15.1 cent per gallon federal highway excise tax on diesel fuels.

This federal excise tax, passed December 22, 1987, was designed to tax highway users. However, current exemptions from diesel fuel taxes for off-highway users, including fishing vessels, has been eliminated. Loss of this up-front exemption means that fishermen will be required to pay the tax up front, then apply for a refund on a quarterly basis. This needlessly increases the recordkeeping and paperwork for both the fishermen and the government, and costs the fishermen significantly due to the loss of the time value of the money deposited with the government.

While this is a problem for all fishermen, the problem becomes particularly acute for the factory trawler operators. These large American owned and operated vessels participate in high volume, low margin fisheries and must compete in the world market against foreign producers who enjoy lower operating costs. As illustrated in the attached fact sheet, factory trawler operators can expect to have between \$22,500 and \$67,950 awaiting rebate at any time. This amount increases if rebates aren't made in a prompt manner.

At a time when prices for our products have declined and other operating costs have increased, many operators cannot afford this additional drain to their cash flow.

One of the objectives of doing away with the exemption was to deter tax-evasion schemes, in which fuel which is ostensibly purchased for off-highway use is diverted to use in a highway vehicle. Such a scheme is only a remote possibility for an operator of a vessel fishing in the Gulf of Alaska or the Bering Sea, and a burden of the magnitude imposed by this law is unjustified. If deterring such schemes is the goal of Congress, a provision applying the exemption only to fuel pumped directly into the fishing vessel would be appropriate.

You can help with this issue by supporting a bill, such as the one enclosed, which amends the Internal Revenue Code by providing fishing vessels, fish processing vessels, and tender vessels an up-front exemption from this highway tax.

The members of AFTA would like to thank you for the assistance you have given us in the past, and hope that you will work with us to resolve the problem we are facing today.

Sincerely,

William R. Orr

William R. Orr
Director, Government Affairs



ALASKA FACTORY TRAWLER ASSOCIATION
4030 21ST AVE. WEST, SUITE 400
SEATTLE, WASHINGTON 98199
(206) 266-6138
TELEFAX 206-266-1841
TELEX 5109512568, ALASKA TRAWL SEA

2/88

FACTORY TRAWLER FUEL CONSUMPTION

An informal survey was conducted among factory trawler operators to determine fuel consumption patterns. The results, which are rough averages, are categorized into three categories: vessels less than 200 feet, vessels 200 - 250 feet, and vessels greater than 250 feet. The number of vessels include vessels which will enter the fishery this year.

Factory Trawlers less than 200 feet

Number of vessels: 16
Fuel carrying capacity: 75,000 - 100,000 gallons
Daily fuel consumption: 2000 gallons/day
Quarterly fuel consumption: 150,000 gallons
Quarterly tax @ \$.151/gal : \$22,500

Factory Trawlers between 200 and 250 feet

Number of vessels: 14
Fuel carrying capacity: 150,000 gallons
Daily fuel consumption: 2600 gallons/day
Quarterly fuel consumption: 200,000 gallons
Quarterly tax @ \$.151/gal : \$30,200

Factory Trawlers larger than 250 feet

Number of vessels: 10
Fuel carrying capacity: 200,000 to 325,000 gallons
Daily fuel consumption: 6000 gallons/day
Quarterly fuel consumption: 450,000 gallons
Quarterly tax @ \$.151/gal : \$67,950

Nearly all of the fuel is taken at Alaskan ports. The average price of fuel (#2 diesel) purchased in Alaska is \$.75/gallon. (A quarter is figured as 75 days of operation.)



STATE OF ALASKA
HOUSE OF REPRESENTATIVES
Box V, Juneau, Alaska 99811
(907) 465-2487 • 465-2498

RECEIVED MAR 31 1988

REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

MEMORANDUM

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

FROM: Representative Cliff Davidson

DATE: March 31, 1988

SUBJECT: House Joint Resolution 68

House Joint Resolution 68 was assigned two committees in the Senate: Transportation and Finance.

Today, March 31, it passed out of the Senate Transportation Committee. I respectfully request that the Finance referral be waived.

HJR 68 has a zero fiscal note, and addresses federal legislation that will take effect April 1st. It is urgent that this resolution reach Congress as soon as possible.

This resolution addresses the ~~fifteen cents a gallon federal excise-tax the federal government charges on diesel fuel~~. As part of a deficit reduction law passed last December, Congress mandated an across-the-board tax collection, and will now apply the tax to all traditionally tax-exempt categories.

Intended as a tax for "on road" users only, this tax will now be levied on all fishermen, loggers, miners or any other "off-road" users of diesel fuel. The effect on this tax in Alaska, a state that uses an inordinate amount of diesel fuel for "off-road" purposes, is devastating. HJR 68 urges Congress to repeal this proposed change.

There is already proposed legislation in Congress to redress this issue, but nonetheless, it is important HJR 68 reach Congress as soon as possible.

Thank you.

SENATE COMMITTEE REPORT

FURTHER

FINANCE

3/14/88

DATE TURNED INTO OFFICE 3/31/88

Mr. President:

Transportation Committee considered CSHJR 68 (TRSP)

Urging Congress to restore the exemption from the federal excise tax on taxable fuels for certain diesel fuel users

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

Messers
[] do pass

[] do not pass

[] no recommendation

[X] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [X] attached or [] adopted fiscal note(s)
[] new [] updated or [X] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

Albert
Johnson

OTHER RECOMMENDATIONS

Don Messer (Do Pass)
Chairman signature and recommendation

[] Committee Backup attached

Senate Trans. Report

HJR

72

HOUSE COMMITTEE REPORT

(11)

Date referred: 4/13/88

FURTHER REFERRALS:

DATE: 4/19/88

The Finance Committee has considered HJR 72

Relating to the residential real estate market.

RECOMMENDS:

- replace with _____ 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 same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 4/13/88
- zero with analysis

SIGNING DO PASS:

Pat Lamb
Jay Brown
Rob Jayro
Mark Zay
Steve Klein

SIGNING OTHER RECOMMENDATIONS:

Mike Davis
Peter Jace - N.R.

Pat Lamb - Vice Chair
 Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Dept. of Commerce and
Title: Regarding residential real estate BRU: Economic Development
market
Sponsor: House Members of the Joint Committee on Economic Recovery
Requester: House Labor & Commerce Committee

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

FUNDING: (Thousands of dollars)

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

POSITIONS:

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: John D. Williams, Deputy Commissioner Phone: 465-2500
Division: Dept. of Commerce & Economic Development Date: April 12, 1988
Approved by Commissioner: J. Anthony Smith, Commissioner Date: 4/2/88
Agency: Dept. of Commerce & Economic Development

Distribution (by preparer):

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

BY THE RULES COMMITTEE BY
REQUEST OF THE HOUSE MEMBERS
OF THE JOINT COMMITTEE ON
ECONOMIC RECOVERY

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 72

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Relating to the residential real estate

6

market.

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

8 WHEREAS some areas of the state are experiencing a severe economic
9 crisis as evidenced by bankruptcies, foreclosures, business failures, and
10 the loss of homes and property values; and

11 WHEREAS the state is experiencing a difficult economic period, espe-
12 cially in the residential real estate market, and many persons are finding
13 it difficult to meet their financial obligations during these times; and

14 WHEREAS keeping people in their homes and facilitating the purchase
15 and sale of homes serves an important public purpose and is financially
16 beneficial to both the borrower and the lender; and

17 WHEREAS borrowers are anxious to continue to meet their financial
18 obligations, but there is a significant number of individuals who are under
19 severe risk of being unable to do so; and

20 WHEREAS many borrowers would be able to meet their financial obliga-
21 tions if various forms of debt restructuring were made possible; and

22 WHEREAS debt restructuring requires the cooperation of the various
23 parties to each real estate loan, including the borrower, the loan origina-
24 tor, the Alaska Housing Finance Corporation or other loan packager, the
25 secondary purchasers of the loans, and the various loan insurers; and

26 WHEREAS the state's economy would be greatly helped if the financial
27 institutions of the state would adjust their lending and collection pol-
28 icies to the present needs and abilities of their customers by using more
29 flexible approaches to stabilize and improve the economy of the state; and

1 WHEREAS present financing packages available to residential real
2 estate borrowers do not provide adequate market liquidity or ability to
3 buy, sell, or trade properties in today's economic circumstances in which
4 debt balances on the properties are nearly equal to or greater than the
5 values of the property; and

6 WHEREAS, in order for residents of the state to meet their financial
7 obligations, the parties to residential loans in the state must be willing
8 to negotiate more creative financing terms and conditions for the benefit
9 of all concerned; and

10 WHEREAS to some extent state agencies and the financial institutions
11 in the state have not yet developed a coherent policy that addresses the
12 current economic crises; and

13 WHEREAS the likelihood of loss or default is lessened if a market is
14 made more liquid, something that will benefit all participants in real
15 estate loans; and

16 WHEREAS the ability to buy, sell, and trade properties in a market
17 that has very high loan-to-value ratios can only be accomplished through
18 innovation and cooperation of the various parties to a real estate loan;
19 and

20 WHEREAS the Alaska Housing Finance Corporation is presently working
21 with the legislature, lending institutions, federal governmental agencies,
22 and private mortgage insurers to find creative ways of refinancing existing
23 mortgages and managing recent acquisitions in the residential real estate
24 market;

25 BE IT RESOLVED by the Alaska State Legislature that the various finan-
26 cial participants in the Alaska real estate market, including the Alaska
27 Housing Finance Corporation, the Department of Commerce and Economic Devel-
28 opment, the Department of Community and Regional Affairs, the Department of
29 Revenue, the Alaska Permanent Fund Corporation, and the various loan

1 servicers, guarantors, and insurers are urged to cooperate in developing
2 innovative ways to restructure debt and to buy, sell, and trade properties
3 for their collective benefit; and be it

4 FURTHER RESOLVED that economic stabilization of the residential real
5 estate market be accomplished with the joint cooperation of the Alaska
6 Housing Finance Corporation, the Department of Commerce and Economic Devel-
7 opment, the Department of Community and Regional Affairs, the Department of
8 Revenue, and the Alaska Permanent Fund Corporation and other agencies of
9 the state and of lending institutions in the state as well as the Federal
10 Housing Administration, the U.S. Department of Housing and Urban Develop-
11 ment, the Veterans Administration, the Federal National Mortgage Asso-
12 ciation, the Government National Mortgage Association, the Federal Home
13 Loan Mortgage Corporation, and private mortgage insurers; and be it

14 FURTHER RESOLVED that the legislature fully supports efforts on the
15 part of the Alaska Housing Finance Corporation, the Department of Commerce
16 and Economic Development, the Department of Community and Regional Affairs,
17 the Department of Revenue, and the Alaska Permanent Fund Corporation to
18 hold foreclosed-upon residential properties off the market in instances
19 where such action makes long-term economic sense.

20 COPIES of this resolution shall be sent to the Honorable Steve Cowper,
21 Governor; the Honorable J. Anthony Smith, commissioner of commerce and
22 economic development; the Honorable David Hoffman, commissioner of com-
23 munity and regional affairs; the Honorable Hugh Malone, commissioner of
24 revenue; Ron Lehr, executive director, Alaska Housing Finance Corporation;
25 Dave Rose, executive director, Alaska Permanent Fund Corporation; the
26 Federal Housing Administration; the U.S. Department of Housing and Urban
27 Development; the Veterans Administration; the Federal National Mortgage
28 Administration; the Government National Mortgage Association; the Federal
29 Home Loan Mortgage Corporation; and to the Honorable Ted Stevens and the

- 1 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
- 2 Representative, members of the Alaska delegation in Congress.

HJR

72-5

BY THE RULES COMMITTEE BY
REQUEST OF THE HOUSE MEMBERS
OF THE JOINT COMMITTEE ON
ECONOMIC RECOVERY

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 72 am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Relating to the residential real estate

6

market.

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

8 WHEREAS some areas of the state are experiencing a severe economic
9 crisis as evidenced by bankruptcies, foreclosures, business failures, and
10 the loss of homes and property values; and

11 WHEREAS the state is experiencing a difficult economic period, espe-
12 cially in the residential real estate market, and many persons are finding
13 it difficult to meet their financial obligations during these times; and

14 WHEREAS keeping people in their homes and facilitating the purchase
15 and sale of homes serves an important public purpose and is financially
16 beneficial to both the borrower and the lender; and

17 WHEREAS borrowers are anxious to continue to meet their financial
18 obligations, but there is a significant number of individuals who are under
19 severe risk of being unable to do so; and

20 WHEREAS many borrowers would be able to meet their financial obliga-
21 tions if various forms of debt restructuring were made possible; and

22 WHEREAS debt restructuring requires the cooperation of the various
23 parties to each real estate loan, including the borrower, the loan origina-
24 tor, the Alaska Housing Finance Corporation or other loan packager, the
25 secondary purchasers of the loans, and the various loan insurers; and

26 WHEREAS the state's economy would be greatly helped if the financial
27 institutions of the state would adjust their lending and collection pol-
28 icies to the present needs and abilities of their customers by using more
29 flexible approaches to stabilize and improve the economy of the state; and

1 WHEREAS present financing packages available to residential real
2 estate borrowers do not provide adequate market liquidity or ability to
3 buy, sell, or trade properties in today's economic circumstances in which
4 debt balances on the properties are nearly equal to or greater than the
5 values of the property; and

6 WHEREAS, in order for residents of the state to meet their financial
7 obligations, the parties to residential loans in the state must be willing
8 to negotiate more creative financing terms and conditions for the benefit
9 of all concerned; and

10 WHEREAS to some extent state agencies and the financial institutions
11 in the state have not yet developed a coherent policy that addresses the
12 current economic crises; and

13 WHEREAS the likelihood of loss or default is lessened if a market is
14 made more liquid, something that will benefit all participants in real
15 estate loans; and

16 WHEREAS the ability to buy, sell, and trade properties in a market
17 that has very high loan-to-value ratios can only be accomplished through
18 innovation and cooperation of the various parties to a real estate loan;
19 and

20 WHEREAS the Alaska Housing Finance Corporation is presently working
21 with the legislature, lending institutions, federal governmental agencies,
22 and private mortgage insurers to find creative ways of refinancing existing
23 mortgages and managing recent acquisitions in the residential real estate
24 market;

25 BE IT RESOLVED by the Alaska State Legislature that the various finan-
26 cial participants in the Alaska real estate market, including the Alaska
27 Housing Finance Corporation, the Department of Commerce and Economic Devel-
28 opment, the Department of Community and Regional Affairs, the Department of
29 Revenue, the Alaska Permanent Fund Corporation, and the various loan

1 servicers, guarantors, and insurers are urged to cooperate in developing
2 innovative ways to restructure debt and to buy, sell, and trade properties
3 for their collective benefit, and the benefit of the public; and be it

4 FURTHER RESOLVED that economic stabilization of the residential real
5 estate market be accomplished with the joint cooperation of the Alaska
6 Housing Finance Corporation, the Department of Commerce and Economic Devel-
7 opment, the Department of Community and Regional Affairs, the Department of
8 Revenue, and the Alaska Permanent Fund Corporation and other agencies of
9 the state and of lending institutions in the state as well as the Federal
10 Housing Administration, the U.S. Department of Housing and Urban Develop-
11 ment, the Veterans Administration, the Federal National Mortgage Asso-
12 ciation, the Government National Mortgage Association, the Federal Home
13 Loan Mortgage Corporation, and private mortgage insurers; and be it

14 FURTHER RESOLVED that the legislature fully supports efforts on the
15 part of the Alaska Housing Finance Corporation, the Department of Commerce
16 and Economic Development, the Department of Community and Regional Affairs,
17 the Department of Revenue, and the Alaska Permanent Fund Corporation to
18 hold foreclosed-upon residential properties off the market in instances
19 where such action makes long-term economic sense.

20 COPIES of this resolution shall be sent to the Honorable Steve Cowper,
21 Governor; the Honorable J. Anthony Smith, commissioner of commerce and
22 economic development; the Honorable David Hoffman, commissioner of com-
23 munity and regional affairs; the Honorable Hugh Malone, commissioner of
24 revenue; Ron Lehr, executive director, Alaska Housing Finance Corporation;
25 Dave Rose, executive director, Alaska Permanent Fund Corporation; the
26 Federal Housing Administration; the U.S. Department of Housing and Urban
27 Development; the Veterans Administration; the Federal National Mortgage
28 Administration; the Government National Mortgage Association; the Federal
29 Home Loan Mortgage Corporation; and to the Honorable Ted Stevens and the

- 1 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
- 2 Representative, members of the Alaska delegation in Congress.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HJR 72
PUBLISH DATE: HOUSE 4/13/88

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Dept. of Commerce and
Title: Regarding residential real estate BRU: Economic Development
market
Sponsor: House Members of the Joint Commission on Economic Recovery
Requester: House Labor & Commerce Committee

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-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

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

POSITIONS:

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: John D. Williams, Deputy Commissioner
Division: Dept. of Commerce & Economic Development

Phone: 465-2500
Date: April 12, 1988

Approved by Commissioner: J. Anthony Smith, Commissioner
Agency: Dept. of Commerce & Economic Development

Date: 4/12/88

Distribution (by preparer):

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

SENATE COMMITTEE REPORT

FURTHER

FINANCE

DATE TURNED INTO OFFICE _____

4/26/88

Mr. President:

L&C Committee considered HJR 72 am

residential real estate market

and recommended

replace with ___ CS _____) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass *majority*

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

William
Mike Jones
Arthur Kemp

Tim Kelly - ~~Michael~~ Dolan
Chairman signature and recommendation

Committee Backup attached

CSHJR

73

SENATE COMMITTEE REPORT

FURTHER

5/3/88

DATE TURNED INTO OFFICE

5/10/88

Mr. President:

Finance

Committee considered

CSHJR 73 (L&C)

Urging the Federal Home Loan Bank Board to consider extension of assistance to Alaska financial institutions similar to the board's "Southwest Plan" and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [x] adopted fiscal note(s)
[] new [] updated or [x] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signature]

[Handwritten signature]

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[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

Chairman signature and recommendation

[] Committee Backup attached

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS HJR 73 (L&C)
PUBLISH DATE: HOUSE 4/13/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Resolution - FHLB Board
Southwest Plan
Sponsor: Rules Committee
Requester: _____

Agency Affected: Commerce & Econ. Dev.
BRU: _____
Components: Banking & Securities

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	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: L. P. Carroll
Lawrence P. Carroll, Acting Director
Division: Banking, Securities & Corporations
Approved by Commissioner: Anthony Smith
J. Anthony Smith
Agency: Department of Commerce & Economic Development

Phone: 465-2521
Date: 4/11/88
Date: 4/12/88

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

Original sponsor: Rules/House Members
of the Joint Committee on
Economic Recovery

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE JOINT RESOLUTION NO. 73 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Urging the Federal Home Loan Bank Board
6 to consider extension of assistance to
7 Alaska financial institutions similar to
8 the board's "Southwest Plan."

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

10 WHEREAS some areas of the state are experiencing a severe economic
11 crisis, as evidenced by bankruptcies, foreclosures, business failures, and
12 the loss of homes and property values; and

13 WHEREAS the state's financial system has been severely strained by the
14 extraordinary economic events precipitated by the collapse of world oil
15 prices; and

16 WHEREAS several banks have closed, to the disadvantage of the families
17 and businesses that banked and borrowed at those banks; and

18 WHEREAS further erosion of the state's banking system is not in the
19 best interests of the state's businesses, homeowners, and a competitive
20 banking system; and

21 WHEREAS the economic distress because of the unprecedented economic
22 contraction within the state is not unlike the economic distress that has
23 been experienced by other petroleum-producing states, notably those in the
24 South and Southwest; and

25 WHEREAS, among other responses to the economic downturn in the South
26 and Southwest, the Federal Home Loan Bank Board, the federal agency that
27 regulates and supervises the federal home loan banks that provide a flexi-
28 ble credit reserve for member savings institutions as a principal financing
29 source for lending institutions, has determined that the region, comprising

1 the states of Arkansas, Louisiana, Mississippi, New Mexico, and Texas,
2 warrants special assistance due to its economic difficulties; and

3 WHEREAS the board has fashioned and implemented a "Southwest Plan"
4 that has provided economic and noneconomic assistance to thrift insti-
5 tutions in that region, partially offsetting the effects of the economic
6 slump; and

7 WHEREAS one of the principal purposes of the "Southwest Plan" is to
8 lower costs for both the Federal Home Loan Bank Board and the lending
9 institutions through an infusion of capital, while preserving adequate
10 services, competition, and basic structure; and

11 WHEREAS the reforms proposed within the "Southwest Plan" should assist
12 thrift institutions in that region to reduce operating costs while main-
13 taining a competitive environment, and improve public confidence in those
14 institutions during a period of economic difficulty; and

15 WHEREAS extension of a program similar to the "Southwest Plan" ini-
16 tiatives by the Federal Home Loan Bank Board to Alaska, including infusion
17 of capital from the Federal Home Loan Bank Board to assist Alaska thrift
18 institutions to maintain and improve their loan portfolios, would similarly
19 benefit Alaska institutions and would sustain public confidence in those
20 institutions and the banking system generally;

21 BE IT RESOLVED that the Alaska State Legislature respectfully requests
22 the Alaska delegation in Congress to request the Federal Home Loan Bank
23 Board to consider extension of assistance to financial institutions in
24 Alaska similar to the "Southwest Plan."

25 COPIES of this resolution shall be sent to M. Danny Wall, chairman,
26 and Roger F. Martin and Lawrence J. White, members, Federal Home Loan Bank
27 Board; and to the Honorable Ted Stevens and the Honorable Frank Murkowski,
28 U.S. Senators, and the Honorable Don Young, U.S. Representative, members of
29 the Alaska delegation in Congress.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS HJR 73 (L&C)
PUBLISH DATE: HOUSE 4/13/88

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: Resolution - FHLB Board BRU: _____
 Southwest Plan
 Sponsor: Rules Committee Components: Banking & Securities
 Requester: _____

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

FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: L.P. Carroll
 Lawrence P. Carroll, Acting Director
 Division: Banking, Securities & Corporations
 Approved by Commissioner: J. Anthony Smith
 Agency: Department of Commerce & Economic Development

Phone: 465-2521
 Date: 4/11/88
 Date: 4/12/88

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

SENATE COMMITTEE REPORT

FURTHER

FINANCE

DATE TURNED INTO OFFICE _____

4/26/88
Mr. President:

L&C Committee considered CSHJR 73 (L&C)

Urging the Federal Home Loan Bank Board to consider extension of assistance to Alaska financial institutions similar to the board's "Southwest Plan."

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

Pass
[X] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [X] attached or [] adopted fiscal note(s)

[] new [] updated or [X] previous

[X] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Mike...
Mike...
Admiral...

Tim Kell - Do Pass

Chairman signature/and recommendation

[] Committee Backup attached