

ALASKA LEGISLATURE

1811

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

FISCAL NOTE

REPORTED OUT OF

No. 34/22/98

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO: _____ **Bill Version:** SB 219
(S) Publish Date: 1-30-98

Revision Date: _____
Title: Crime Victims' Rights and Advocacy Act
of 1998
Sponsor: Senator Halford
Requestor: (S) JUD

Dept. Affected: Public Safety
BRU: Violent Crimes Compensation Board
Component: _____
COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES () Revenue Code						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY 98) impact: \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

No Fiscal Impact

Prepared By: Susan L. Browne, Administrator
Division: Violent Crimes Compensation Board
Approved by Commissioner: Ronald L. Otte
Agency: Dept. of Public Safety

Phone: 465-5525
Date: 1/17/98
Date: 1/21/98

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FISCAL NOTE

PRINTED OUT OF
4/22/98
 No. 2
 Bill Version: SB 219
 (S) Publish Date: 1-30-98

STATE OF ALASKA
1998 LEGISLATIVE SESSION

Revision Date (Note if correction) _____ Dept. Affected Law
 Title ...establishing an office of crime victims' advocacy; BRU Criminal Division/Civil Division
amending...Rules of Criminal Procedure...Delinquency Rules... Component 1st-4th Jud Dist, OSPA
 Sponsor Senato. Halford Human Services
 Requester Senate Judiciary Committee Component Serial No. 2198-01, 2203, 2208

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*****	*****	*****	*****	*****	*****

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	*****	*****	*****	*****	*****	*****
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	*****	*****	*****	*****	*****	*****

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill establishes in the legislative branch the Office of the Victims' Advocate. The victims' advocate will advocate on behalf of crime victims in felony cases in the courts of the state and investigate complaints of crime victims in felony cases that they have been denied their rights under the constitution and laws of the state.

The potential fiscal impact from enactment of this law on the Department of Law is dependent on the philosophy and depth of involvement of the victims' advocate. At a minimum, the length of time required for cases in which the victims' advocate participates will increase, simply by virtue of having an additional attorney involved. The potential that the victims' advocate will be at odds with the prosecutor over matters involving trial strategy, tactics, and plea negotiations would add additional time and expense. These costs are speculative, and the department cannot assign a cost without additional experience.

Prepared by Joan M. Kasson *Joan M. Kasson* Phone 465-5370
 Division Attorney General's Office Date 1/20/98
 Approved by Commissioner Bruce M. Botelho, Attorney General Date 1/20/98
 Agency Department of Law

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A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSB 219(JUD)

SENATE FINANCE
COMMITTEE
Amendment Number: 1
Bill Number: CSSB 219 (JUD)
Sponsor: Donley Date: 2/10/98
Logged In By: Boltani
0

- 1 Page 2, lines 25 - 31
- 2 Delete all material.
- 3 Insert "session. The vote on the appointment shall be entered in the journals of both
- 4 houses."

- 5 Page 3, lines 1 - 5:
- 6 Delete all material.

moved Sen. Donley
w/o objection, adopted

0-LS1323\F.5
Luckhaupt -
4/21/98

AMENDMENT

SENATE FINANCE
COMMITTEE

OFFERED IN THE SENATE

TO: CSSB 219(JUD)

Amendment Number: 2
Bill Number: CSSB 219 (JUD)
Sponsor: Danley Date: 4/21/98
Logged In By: J. Luckhaupt

*moved Sen Danley
w/o objection, ADOPTED*

- 1 Page 4, line 11, following "chapter.":
- 2 Insert "The victims' advocate may enter into personal services and other contracts the
- 3 victims' advocate finds necessary to carry out the provisions of this chapter."

A M E N D M E N T

SENATE FINANCE
COMMITTEE

Amendment Number: 3
Bill Number: CSSB 219 (JUD)
Sponsor: Donley Date: 4/21/98
Logged In By: J. Soltau

OFFERED IN THE SENATE
TO: CSSB 219(JUD)

*moved Sen. Donley
w/o objection, ADOPTED*

1 Page 9, following line 12:

2 Insert a new bill section to read:

3 **** Sec. 6.** AS 43.23.028(b) is amended to read:

4 (b) To the extent that amounts appropriated for a fiscal year do not exceed
5 the total amount that would have been paid during the previous fiscal year to
6 individuals who were ineligible to receive dividends under AS 43.23.005(d) if they
7 had been eligible, the notice requirements of (a)(3) of this section do not apply to
8 appropriations from the dividend fund to the

9 (1) crime victim compensation fund established under AS 18.67.162
10 for payments to crime victims;

11 (2) council on domestic violence and sexual assault established under
12 AS 18.66.010 for grants for the operation of domestic violence and sexual assault
13 programs; [OR]

14 (3) Department of Corrections for incarceration and probation
15 programs; or

16 (4) office of ~~crime~~ victims' rights."

17 Renumber the following bill sections accordingly.

0-LS1323VH
Luckhaupt
4/22/98

*Sen Pearce move to adopt
Sen Adams object - w/ dia
adopt w/ out object*

CS FOR SENATE BILL NO. 219(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATORS HALFORD, Green, Donley, Taylor, Leman

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to establishing an office of victims' rights; relating to eligibility
2 for a permanent fund dividend for persons convicted of and incarcerated for
3 certain offenses; and amending Rule 16, Alaska Rules of Criminal Procedure, Rule
4 9, Alaska Delinquency Rules, and Rule 501, Alaska Rules of Evidence."

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

6 * **Section 1.** SHORT TITLE. This Act may be known as the Crime Victims' Rights and
7 Advocacy Act of 1998.

8 * **Sec. 2.** AS 12.55.023(b) is amended to read:

9 (b) A victim may submit to the sentencing court a written statement that the
10 victim believes is relevant to the sentencing decision [,] and may give sworn testimony
11 or make an unsworn oral presentation to the court at the sentencing hearing. If there
12 are numerous victims, the court may limit the number of victims who may give sworn
13 testimony or make an unsworn oral presentation during the hearing. When requested
14 by the victim of a felony or a class A misdemeanor, if the class A misdemeanor

1 is a crime involving domestic violence or a crime against a person under
2 AS 11.41, when the victim does not submit a statement, give testimony, or make
3 an oral presentation, the victims' advocate may submit a written statement or
4 make an unsworn oral presentation at the sentencing hearing on behalf of the
5 victim.

6 * Sec. 3. AS 24.60.990(a)(9) is amended to read:

7 (9) "legislative director" means the director of the legislative finance
8 division, the legislative auditor, the director of the legislative research agency, the
9 ombudsman, the victims' advocate, the executive director of the Legislative Affairs
10 Agency, and the directors of the divisions within the Legislative Affairs Agency;

11 * Sec. 4. AS 24 is amended by adding a new chapter to read:

12 **Chapter 65. Office of Victims' Rights.**

13 **Sec. 24.65.010. Office of victims' rights.** There is created in the legislative
14 branch of the state the office of victims' rights. The victims' advocate is the director
15 of the office of victims' rights.

16 **Sec. 24.65.020. Appointment of the victims' advocate.** (a) A candidate for
17 appointment as the victims' advocate shall be nominated by the victims' advocate
18 selection committee composed of three members of the senate appointed by the
19 president of the senate and three members of the house of representatives appointed
20 by the speaker of the house. One member of the minority party caucus in each house
21 shall be appointed to the selection committee.

22 (b) The victims' advocate selection committee shall examine persons to serve
23 as victims' advocate regarding their qualifications and ability and shall place the name
24 of the person selected in nomination. The appointment is effective if the nomination
25 is approved by a roll call vote of two-thirds of the members of the legislature in joint
26 session. The vote on the appointment shall be entered in the journals of both houses.

27 **Sec. 24.65.030. Qualifications.** A person may not serve as victims' advocate

28 (1) unless the person has been a resident of the state for the five years
29 immediately preceding the person's appointment;

30 (2) unless the person has been engaged in the active practice of law for
31 the five years immediately preceding the person's appointment;

1 (3) unless the person has significant experience in criminal law;

2 (4) unless the person is an attorney licensed to practice law in this
3 state;

4 (5) within one year of the last day on which the person served as a
5 member of the legislature;

6 (6) while the person is a candidate for or holds another national, state,
7 or municipal office; the victims' advocate may not become a candidate for national,
8 state, or municipal office until one year has elapsed from the date the victims' advocate
9 vacates the office of victims' advocate;

10 (7) while the person is engaged in another occupation for which the
11 person receives compensation;

12 (8) unless the person is at least 21 years of age and is a qualified voter.

13 **Sec. 24.65.040. Term of office.** (a) The term of office of the victims'
14 advocate is five years. A victims' advocate may be reappointed but may not serve for
15 more than three terms.

16 (b) the term of a victims' advocate expires without the appointment of a
17 successor under this chapter, the incumbent victims' advocate may continue in office
18 until a successor is appointed. If the victims' advocate dies, resigns, becomes
19 ineligible to serve, or is removed or suspended from office, the person appointed as
20 acting victims' advocate under AS 24.65.070(a) serves until a new victims' advocate
21 is appointed for a full term.

22 **Sec. 24.65.050. Removal.** The legislature, by a concurrent resolution adopted
23 by a roll call vote of two-thirds of the members in each house entered in the journal,
24 may remove or suspend the victims' advocate from office, but only for neglect of duty,
25 misconduct, or disability.

26 **Sec. 24.65.060. Compensation.** The victims' advocate is entitled to receive
27 an annual salary equal to Step A, Range 26, on the salary schedule set out in
28 AS 39.27.011(a) for Juneau.

29 **Sec. 24.65.070. Staff and delegation.** (a) The victims' advocate shall appoint
30 a person to serve as acting victims' advocate in the absence of the victims' advocate.
31 The victims' advocate shall also appoint assistants and clerical personnel necessary to

1 carry out the provisions of this chapter. The victims' advocate may enter into personal
2 services and other contracts the victims' advocate finds necessary to carry out the
3 provisions of this chapter.

4 (b) The victims' advocate may delegate to the assistants any of the victims'
5 advocate's duties except those specified in AS 24.65.150 and 24.65.160; however,
6 during the victims' advocate's absence from the principal business offices, the victims'
7 advocate may delegate the duties specified in AS 24.65.150 and 24.65.160 to the
8 acting victims' advocate for the duration of the absence. The duties specified in
9 AS 24.65.150 and 24.65.160 shall be performed by the acting victims' advocate when
10 serving under AS 24.65.040(b).

11 (c) The victims' advocate and the staff appointed by the victims' advocate are
12 in the exempt service under AS 39.25.110 and are not subject to the employment
13 policies under AS 24.10 or AS 24.20.

14 **Sec. 24.65.080. Office facilities and administration.** (a) Subject to
15 restrictions and limitations imposed by the executive director of the Legislative Affairs
16 Agency, the administrative facilities and services of the Legislative Affairs Agency,
17 including computer, data processing, and teleconference facilities, may be made
18 available to the victims' advocate to be used in the management of the office of
19 victims' rights and to carry out the purposes of this chapter.

20 (b) The salary and benefits of the victims' advocate and the permanent staff
21 of the victims' advocate shall be paid through the same procedures used for payment
22 of the salaries and benefits of other permanent legislative employees.

23 (c) The victims' advocate shall submit a budget for each fiscal year to the
24 Alaska Legislative Council and the council shall annually submit an estimated budget
25 to the governor for information purposes in the preparation of the executive budget.
26 After reviewing and approving, with or without modifications, the budget submitted
27 by the victims' advocate, the council shall submit the approved budget to the finance
28 committees of the legislature.

29 **Sec. 24.65.090. Procedure.** (a) The victims' advocate shall, by regulations
30 adopted under AS 44.62 (Administrative Procedure Act), establish procedures for
31 advocacy on behalf of crime victims, receiving and processing complaints, conducting

1 investigations, reporting findings, and ensuring that confidential information obtained
2 by the victims' advocate in the course of advocacy on behalf of a crime victim or in
3 the course of an investigation will not be improperly disclosed. The victims' advocate
4 may establish procedures so that advocacy and investigations on behalf of crime
5 victims in felony cases take a priority over advocacy and investigations on behalf of
6 crime victims in misdemeanor cases.

7 (b) The office of victims' rights may not charge fees for the submission or
8 investigation of complaints.

9 **Sec. 24.65.100. Jurisdiction.** The victims' advocate has jurisdiction to
10 advocate on behalf of crime victims of felony offenses or class A misdemeanors, if the
11 class A misdemeanor is a crime involving domestic violence or a crime against a
12 person under AS 11.41, in the courts of the state and to investigate the complaints of
13 crime victims of felony offenses or class A misdemeanors, if the class A misdemeanor
14 is a crime involving domestic violence or a crime against a person under AS 11.41,
15 that they have been denied their rights under the constitution and the laws of the state.
16 In this section, "crime involving domestic violence" has the meaning given in
17 AS 18.66.990.

18 **Sec. 24.65.110. Advocacy on behalf of crime victims.** (a) The victims'
19 advocate shall assist crime victims in obtaining the rights crime victims are guaranteed
20 under the constitution and laws of the state with regard to the contacts crime victims
21 have with the justice agencies of the state.

22 (b) Notwithstanding another provision of law, the victims' advocate may make
23 the statement a crime victim is authorized to make in a court of the state when
24 requested by the crime victim and when the crime victim does not personally make a
25 statement.

26 (c) When advocating on behalf of a crime victim in an ongoing criminal case
27 or juvenile adjudication, the victims' advocate is entitled to all information available
28 to the defendant or juvenile.

29 **Sec. 24.65.120. Investigations.** (a) The victims' advocate may investigate
30 complaints from crime victims that they have been denied the rights they are
31 guaranteed under the constitution and laws of this state.

1 (b) In an investigation, the victims' advocate may

2 (1) make inquiries and obtain information considered necessary;

3 (2) hold private hearings; and

4 (3) notwithstanding other provisions of law, have access at all times to
5 records of justice agencies, including court records of criminal prosecutions and
6 juvenile adjudications, necessary to ensure that the rights of crime victims are not
7 being denied; with regard to court and prosecution records, the victims' advocate is
8 entitled to obtain access to every record that the defendant is entitled to access or
9 receive.

10 (c) The victims' advocate shall maintain confidentiality with respect to all
11 matters and the identities of the complainants or witnesses coming before the victims'
12 advocate except insofar as disclosures may be necessary to enable the victims' advocate
13 to carry out duties and to support recommendations. However, the victims' advocate
14 may not disclose a confidential record obtained from a court or justice agency.

15 **Sec. 24.65.130. Powers.** (a) Subject to the privileges that witnesses have in
16 the courts of this state, the victims' advocate may compel by subpoena, at a specified
17 time and place, the

18 (1) appearance and sworn testimony of a person who the victims'
19 advocate reasonably believes may be able to give information relating to a matter
20 under investigation under AS 24.65.120; and

21 (2) production by a person of a record or object that the victims'
22 advocate reasonably believes may relate to the matter under investigation under
23 AS 24.65.120.

24 (b) If a person refuses to comply with a subpoena issued under (a) of this
25 section, the superior court may, on application of the victims' advocate, compel
26 obedience by proceedings for contempt in the same manner as in the case of
27 disobedience to the requirements of a subpoena issued by the court or refusal to testify
28 in the court.

29 (c) This section does not authorize the victims' advocate to issue a subpoena
30 to

31 (1) a justice, judge, or magistrate concerning a judicial action or

1 nonaction taken by the justice, judge, or magistrate;

2 (2) a member of a jury concerning a matter that was considered by the
3 jury; or

4 (3) the person accused or convicted of committing the crime that is the
5 basis for the complaint, and investigation under AS 24.65.120, concerning a denial of
6 rights.

7 **Sec. 24.65.140. Consultation.** Before giving an opinion or recommendation
8 that is critical of a justice agency or person as a result of an investigation under
9 AS 24.65.120, the victims' advocate shall consult with that agency or person. The
10 victims' advocate may make a preliminary opinion or recommendation available to the
11 agency or person for review, but the preliminary opinion or recommendation is
12 confidential and may not be disclosed to the public by the agency or person.

13 **Sec. 24.65.150. Procedure after investigation.** (a) The victims' advocate shall
14 report the advocate's opinion and recommendations to a justice agency if the victims'
15 advocate finds, after investigation under AS 24.65.120, that the agency has denied a
16 crime victim rights the crime victim is guaranteed under the constitution and laws of
17 this state.

18 (b) The victims' advocate may request the justice agency to notify the victims'
19 advocate, within a specified time, of any action taken on the recommendations.

20 (c) The report provided under (a) of this section is confidential and may not
21 be disclosed to the public by the justice agency. The victims' advocate may disclose
22 the report under AS 24.65.160 only after providing notice that the investigation has
23 been concluded to the agency and after receiving the written approval of the
24 complainant to release the report.

25 **Sec. 24.65.160. Publication of recommendations.** Except as provided in
26 AS 24.65.150(c), within a reasonable amount of time after the victims' advocate reports
27 the advocate's opinion and recommendations to a justice agency, the victims' advocate
28 may present the opinion and recommendations to the governor, the legislature, a grand
29 jury, the public, or any of these. The victims' advocate shall include with the opinion
30 any reply made by the agency.

31 **Sec. 24.65.170. Annual report.** The victims' advocate shall submit to the

1 public an annual report of the victims' advocate's activities under this chapter and
2 notify the legislature that the report is available.

3 **Sec. 24.65.180. Judicial review.** A proceeding or decision of the victims'
4 advocate may be reviewed in superior court only to determine if it is contrary to the
5 provisions of this chapter.

6 **Sec. 24.65.190. Immunity of the victims' advocate.** A civil action may not
7 be brought against the victims' advocate or a member of the victims' advocate's staff
8 for anything done, said, or omitted in performing the victims' advocate's duties or
9 responsibilities under this chapter.

10 **Sec. 24.65.200. Victims' advocate's privilege not to testify.** The victims'
11 advocate and the staff of the victims' advocate may not testify in a court regarding
12 matters coming to their attention in the exercise or purported exercise of their official
13 duties except as may be necessary to enforce the provisions of this chapter.

14 **Sec. 24.65.210. Penalty.** A person who knowingly hinders the lawful actions
15 of the victims' advocate or the staff of the victims' advocate, or who knowingly refuses
16 to comply with their lawful demands, is guilty of a misdemeanor and upon conviction
17 may be punished by a fine of not more than \$1,000. In this section, "knowingly" has
18 the meaning given in AS 11.81.900.

19 **Sec. 24.65.250. Definitions.** In this chapter,

20 (1) "justice agency" means a department, office, institution, corporation,
21 authority, organization, commission, committee, council, court, or board in the
22 executive or judicial branches of the state government that is, in any manner, involved
23 with or responsible for the apprehension, prosecution, incarceration, or supervision of
24 criminal or juvenile offenders; it also includes an officer, employee, or member of an
25 agency acting or purporting to act in the exercise of official duties, including the
26 governor and lieutenant governor, when acting with regard to executive clemency,
27 judges, and magistrates;

28 (2) "victim" has the meaning given in AS 12.55.185.

29 * **Sec. 5.** AS 39.27.022(d) is amended to read:

30 (d) This section applies to employees of the legislature only if the committee
31 responsible for adopting employment policies concerning the employee adopts a

1 written policy that the section applies. This section applies to the employees of the
2 office of the ombudsman only if the ombudsman adopts a policy that the section
3 applies. This section applies to the employees of the office of victims' rights only
4 if the victims' advocate adopts a policy that the section applies.

5 * Sec. 6. AS 43.23.005(d) is amended to read:

6 (d) Notwithstanding ~~the~~ provisions of (a) - (c) of this section, an individual is
7 not eligible for a permanent fund dividend for a dividend year when

8 (1) during the calendar year immediately preceding that dividend year,
9 the individual was sentenced as a result of conviction in this state of a felony;

10 (2) during all or part of either of the two calendar years [YEAR]
11 immediately preceding that dividend year, the individual was incarcerated as a result
12 of the conviction in this state of a

13 (A) felony; or

14 (B) misdemeanor if the individual has been convicted of two or
15 more prior crimes as defined in AS 11.81.900.

16 * Sec. 7. AS 43.23.028(b) is amended to read:

17 (b) To the extent that amounts appropriated for a fiscal year do not exceed the
18 total amount that would have been paid during the previous fiscal year to individuals
19 who were ineligible to receive dividends under AS 43.23.005(d) if they had been
20 eligible, the notice requirements of (a)(3) of this section do not apply to appropriations
21 from the dividend fund to the

22 (1) crime victim compensation fund established under AS 18.67.162 for
23 payments to crime victims;

24 (2) council n domestic violence and sexual assault established under
25 AS 18.66.010 for grants for the operation of domestic violence and sexual assault
26 programs; [OR]

27 (3) Department of Corrections for incarceration and probation
28 programs; or

29 (4) office of victims' rights.

30 * Sec. 8. AS 44.62.040(c) is amended to read:

31 (c) Before submitting the regulations and orders of repeal to the lieutenant

1 governor under (a) of this section, every state agency that by statute possesses
2 regulation making authority, except boards and commissions, the office of victims'
3 rights, and the office of the ombudsman, shall submit to the governor for review a
4 copy of every regulation or order of repeal adopted by the agency, except regulations
5 and orders of repeal identified in (a)(1) - (2) of this section. The governor may review
6 the regulations and orders of repeal received under this subsection. The governor may
7 return the regulations and orders of repeal to the adopting agency before they are
8 submitted to the lieutenant governor for filing under (a) of this section [,] (1) if they
9 are inconsistent with the faithful execution of the laws, or (2) to enable the adopting
10 agency to respond to specific issues raised by the Administrative Regulation Review
11 Committee. The governor may not delegate the governor's review authority under this
12 subsection to a person other than the lieutenant governor.

13 * Sec. 9. AS 44.62.215 is amended to read:

14 **Sec. 44.62.215. Record of public comment.** In the drafting, review, or other
15 preparation of a proposed regulation, amendment, or order of repeal, an agency, other
16 than a board or commission, the office of victims' rights, and the office of the
17 ombudsman, shall keep a record of its use or rejection of factual or other substantive
18 information that is submitted in writing as public comment and that is relevant to the
19 accuracy, coverage, or other aspect of the proposed regulatory action.

20 * Sec. 10. AS 44.66.050(c) is amended to read:

21 (c) A determination as to whether a board or commission or agency program
22 has demonstrated a public need for its continued existence must take into consideration
23 the following factors:

24 (1) the extent to which the board, commission, or program has operated
25 in the public interest;

26 (2) the extent to which the operation of the board, commission, or
27 agency program has been impeded or enhanced by existing statutes, procedures, and
28 practices that it has adopted, and any other matter, including budgetary, resource, and
29 personnel matters;

30 (3) the extent to which the board, commission, or agency has
31 recommended statutory changes that are generally of benefit to the public interest;

1 (4) the extent to which the board, commission, or agency has
2 encouraged interested persons to report to it concerning the effect of its regulations and
3 decisions on the effectiveness of service, economy of service, and availability of
4 service that it has provided;

5 (5) the extent to which the board, commission, or agency has
6 encouraged public participation in the making of its regulations and decisions;

7 (6) the efficiency with which public inquiries or complaints regarding
8 the activities of the board, commission, or agency filed with it, with the department
9 to which a board or commission is administratively assigned, or with the office of
10 victims' rights or the office of the ombudsman have been processed and resolved;

11 (7) the extent to which a board or commission that regulates entry into
12 an occupation or profession has presented qualified applicants to serve the public;

13 (8) the extent to which state personnel practices, including affirmative
14 action requirements, have been complied with by the board, commission, or agency to
15 its own activities and the area of activity or interest; and

16 (9) the extent to which statutory, regulatory, budgeting, or other
17 changes are necessary to enable the agency, board, or commission to better serve the
18 interests of the public and to comply with the factors enumerated in this subsection.

19 * **Sec. 11.** AS 44.99.240(2) is amended to read:

20 (2) "state agency" means

21 (A) a department, institution, board, commission, division,
22 authority, public corporation, or other administrative unit of the executive
23 branch, including the University of Alaska and the Alaska Railroad
24 Corporation;

25 (B) a committee, division, or administrative unit of the
26 legislative branch, including the Alaska Legislative Council, the leadership of
27 each house, the office of victims' rights, and the office of the ombudsman;

28 (C) an administrative unit of the judicial branch, including the
29 Alaska Judicial Council and the Commission on Judicial Conduct.

30 * **Sec. 12.** AS 24.65.110 and 24.65.120, added by sec. 4 of this Act, have the effect of
31 amending Rule 16, Alaska Rules of Criminal Procedure, and Rule 9, Alaska Delinquency

1 Rules, by allowing the victims' advocate a right of access to information in criminal
2 prosecutions and juvenile adjudications that is equal to that available to criminal defendants
3 or juveniles when the advocate is engaging in advocacy or that is unlimited when the advocate
4 is engaging in investigations concerning victims' rights.

5 * Sec. 13. AS 24.65.200, added by sec. 4 of this Act, amends Rule 501, Alaska Rules of
6 Evidence, by creating a new privilege from being compelled to testify in a court.

SB

220

HFIN

FILE



Alaska Permanent Fund Corporation
P.O. Box 25500 Juneau, AK 99802-5500
Telephone (907) 465-2047
Facsimile (907) 586-2057

MEMORANDUM

DATE: January 23, 1998

TO: Byron I. Mallott
Executive Director

FROM: Peter A. Bushro *PAB*
Chief Financial Officer

SUBJECT: **FY98 Supplemental Budget Request**

At your direction, staff has reviewed the FY98 supplemental budget request for manager fees of \$8,145,000 to determine the current reasonableness of the amount. The request was prepared in September 1997 and the following subsequent events indicate the need for reanalysis:

- The Alaska Permanent Fund Corporation has incurred/expended external equity/fixed-income manager fee charges of \$11,079,800 through December 31, 1997 which represent 54% of the FY98 budget for manager fees.
- The rebalancing of Permanent Fund equity investments has/will reduce manager fees significantly.
- Equity investments have been reduced to the lower limit of the equity allocation range and proceeds have been reinvested in fixed income securities.

FY98 Supplemental Budget Request
January 23, 1998
Page 2

- Actively managed equity investments have been converted to cash/index funds and is being gradually reinvested in actively managed portfolios until year end.
- The growth of the S&P 500 index, the benchmark for most APFC equity investments, for the first half of FY98 is approximately the same as the growth of the S&P 500 index for the first half of FY97.
- The majority of FY97 growth occurred in the last quarter of the fiscal year.

We have prepared the following analysis of estimated manager fees for the remaining two quarters of FY98 for comparison with the budget assuming that equity values continue to appreciate at a rate comparable to FY97.

FY98 Budget for Manager Fees	\$20,692,000
Actual Fees July 1, 1997-December 31, 1997	<u>11,079,800</u>
Balance of FY98 Manager Fee Budget Remaining	9,612,200
Estimated Fees January 1, 1998-June 30, 1998	<u>14,106,200</u>
Projected Shortfall in FY98 Manager Fees	<u>(\$4,494,000)</u>

RECOMMENDATION

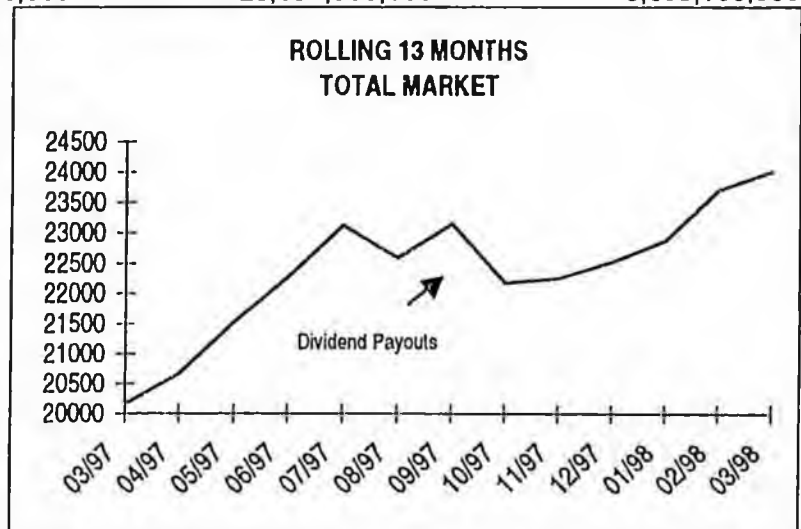
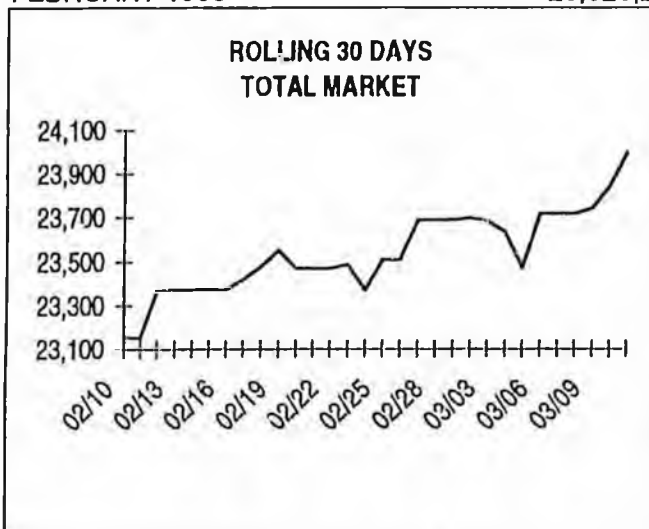
Original FY98 Supplemental Budget Request	\$8,145,000
Recommended Reduction of FY98 Supplemental	<u>3,651,000</u>
Revised FY98 Budget Shortfall in Manager Fees	<u>\$4,494,000</u>

**ALASKA PERMANENT FUND
DAILY POSITION
3/11/98**

DAILY UNAUDITED* CUSTODIAN POSITION	COST	%	MARKET	%	UNREALIZED GAIN(LOSS)
U.S. & NON - U.S. FIXED INCOME	10,912,800,000	54%	11,146,800,000	46%	234,000,000
U.S. EQUITIES	5,455,800,000	27%	8,515,900,000	35%	3,060,100,000
NON - U.S. EQUITIES	2,181,200,000	11%	2,623,000,000	11%	441,800,000
REAL ESTATE	1,511,500,000	7%	1,580,500,000	7%	69,000,000
ALASKA CD'S	131,000,000	1%	131,000,000	1%	0
TOTAL	20,192,300,000	100%	23,997,200,000	100%	3,804,900,000
PRIOR DAY TOTALS					3,769,400,000
CHANGE FROM PRIOR DAY					35,500,000

* Custodians report trade date positions which are adjusted where possible for pending trades. However, due to occasional lags in transactions reporting, total cost shown may vary from actual cost. This effect is more pronounced when large scale portfolio liquidations and fundings occur.

TOTAL INVESTED FUNDS	COST	MARKET	UNREALIZED GAIN(LOSS)
FEBRUARY 1997	18,153,400,000	20,900,000,000	2,746,600,000
MARCH 1997	18,306,000,000	20,153,800,000	1,847,800,000
APRIL 1997	18,463,000,000	20,658,300,000	2,195,300,000
MAY 1997	18,687,700,000	21,531,200,000	2,843,500,000
JUNE 1997	18,866,790,000	22,117,423,000	3,250,633,000
JULY 1997	19,437,900,000	23,497,700,000	4,059,800,000
AUGUST 1997	19,098,100,000	22,255,800,000	3,157,700,000
SEPTEMBER 1997	19,803,300,000	23,571,600,000	3,768,300,000
OCTOBER 1997	18,699,900,000	22,164,600,000	3,464,700,000
NOVEMBER 1997	18,858,100,000	22,242,800,000	3,384,700,000
DECEMBER 1997	19,556,100,000	22,520,500,000	2,964,400,000
JANUARY 1998	19,784,300,000	22,864,200,000	3,079,900,000
FEBRUARY 1998	20,026,200,000	23,689,300,000	3,663,100,000



3/12/98



Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500
(907) 465-2047

February 27, 1998

The Honorable Gene Therriault
State Representative
State Capitol Room 511
Juneau, Alaska 99801-1182

Dear Representative Therriault;

We have identified an FY99 savings in custody fees of \$625.0, part of which has been applied to our FY99 adjusted base. This amount is simply the difference between the FY98 and FY99 requests. The actual savings from consolidation of custody services began to accrue to the Alaska Permanent Fund Corporation on August 1, 1997, and we estimate the amount of FY98 savings to be approximately \$950.0.

We anticipate that we will use from this savings:

- \$25.0 for a preliminary legal counsel review/recommendations with respect to the Permanent Fund's tax-exempt status,
- \$75.0 for a possible expanded review of the Permanent Fund's tax-exempt status,
- \$50.0 for the creation of a financial projection model by our financial consultant, and
- \$65.0 for the expansion of performance measurement reporting from semi-annually to quarterly.

The remainder of these savings would be used for manager fees, if necessary, or lapsed depending upon market valuations (now at all-time highs). The supplemental appropriation request for investment management fees should not be reduced because these savings were taken into consideration when we

Representative Therriault
February 27, 1998
Page 2

submitted the revised FY98 supplemental budget request to the Finance Committees last month. We commit to lapse any surplus from these savings over the requirements listed above.

If you have any questions or concerns please feel free to call me at 465-3172.

Sincerely,



Peter A. Bushre
Chief Financial Officer

Cc: Byron J. Mallott
APFC Board of Trustees
Jim Kelly

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: January 30, 1998

FURTHER REFERRALS:

Date of Committee Action: 3/12/98

The FINANCE Committee considered:

CSSB 220(FIN)(title am)

CS FOR SENATE BILL NO. 220(FIN)(title am)

APPROP: AK PERMANENT FUND CORP.

"An Act making a supplemental appropriation to the Alaska Permanent Fund Corporation for payment of management fees for fiscal year 1998; and providing for an effective date."

recommends it be replaced with the following committee substitute _____ the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Theriault</i>	Therianaut	X			
<i>Mark Hanley</i>	Hanley	X			
<i>Alan Mulder</i>	mulder	X			
<i>Terry Martin</i>	martin	X			
<i>Vic Kohring</i>	Kohring	X			
<i>J. J. Davles</i>	J. Davles	X			
<i>Ben Grussendorf</i>	grussendorf	X			
<i>W. Moses</i>	Moses	X			
<i>G. Davis</i>	G. Davis	X			
<i>Kelly</i>	Kelly	✓			
<i>Foster</i>	Foster	X			

CHAIR'S SIGNATURE *Gene Theriault* *Mark Hanley*

SB

220

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 1/12/98

FURTHER:

1/26/98

Date of 5-Day Notice: 1-15-98
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 1-26-98

Finance Committee considered SENATE BILL NO. 220

"An Act making a supplemental appropriation to the Alaska Permanent Fund Corporation; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 220 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Roll & (Roll)</i>	✓				
<i>Roll & (Roll)</i>	✓				
<i>John ...</i>	✓				
<i>Peace</i>	✓				
Co-Chair: <i>Peace</i>	✓	Co-Chair:			
Co-Chair: <i>...</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

*amend #1 moved
by Sen. Torgerson
w/o objection, adopted*

SENATE BILL NO. 220

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

**BY THE SENATE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND
AUDIT COMMITTEE**

Introduced: 1/12/98

Referred: Finance

Funding Information:	General Fund	\$ -0-
	Other Funds	<u>8,145,000</u>
		\$8,145,000
		4,494,000

A BILL

FOR AN ACT ENTITLED

- 1 "An Act making a supplemental appropriation to the Alaska Permanent Fund
- 2 Corporation; and providing for an effective date."

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

- 4 *84,494,000*
* Section 1. The sum of \$8,145,000 is appropriated from corporate receipts of the Alaska
- 5 Permanent Fund Corporation to the Alaska Permanent Fund Corporation for payment of
- 6 management fees for the fiscal year ending June 30, 1998.
- 7 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

SB

221

HFIN

FILE

03/23/98
13:30:40

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (TESTIFIERS ONLY)
TCN:80524 SCHEDULED FOR:03/23/98 13:30 TO 16:00
PUBLIC HEARING HOUSE FINANCE

LTN1150
BY:JNU
FOR:ANC

LOCATION: ANCHORAGE
SB 221
~~HB 380~~

(3) AMBER
~~KEN~~

HUTCHENS
~~BOYD~~

AK MORTG BANKERSTESTIFY
~~DIV OIL & GAS TESTIFY~~

Pres AK Mortg Bank ASS



ALASKA STATE LEGISLATURE

SENATOR RANDY PHILLIPS
SENATE DISTRICT L

SESSION
State Capitol
Juneau, AK 99801
(907) 465-4949
800-478-4950
Fax: 465-4979

INTERIM
P.O. Box 142
Eagle River AK 99577
(907) 694-4949
Fax: 694-4948

Memorandum

TO: Representative Gene Therriault, Co-Chair
House Finance Committee

FROM: Senator Randy Phillips

DATE: February 2, 1997

RE: Senate Bill 221,
"An Act relating to negatively amortizing loans under a program
approved or sponsored by the state or federal government"

Many of Alaska's seniors are faced with the prospect of reduced income and the inability to keep their homes. One option for seniors is a "reverse annuity mortgage," a mortgage wherein the financial institution provides a stream of payments to the borrower in return for an equity position in the borrower's home. The senior is able to stay in the home while receiving the financial benefits of home ownership.

One of these programs, the 'Homekeeper' loan program, was developed by Fannie Mae. This national program allows seniors to extract equity without a payment plan or to purchase a home without high payments. This program has several options, one of which is an equity share agreement that allows for a higher income allowance for the senior. This option cannot be utilized in Alaska because of a prohibition in current law. Senate Bill 221 changes state law, A. S. 45.45.010(f), to enable certain shared equity loans that are sponsored by the state of Alaska or the federal government.

Passage of SB 221 will benefit many Alaska seniors by allowing them an additional tool to help them retain their homes.



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Home Buyer Information

How to Buy a Fannie Mae-owned Home

As a prospective home buyer, you have many options in your [search](#) to find an affordable home. One of those options today is the purchase of a home that has been foreclosed and currently is owned by Fannie Mae...



Reverse Mortgages

A reverse mortgage is a special type of mortgage that enables you, as an older homeowner, to tap the equity you have in your home. Whether you need a lump sum to pay an unexpected hospital bill or a stream of regular advances to supplement your monthly income, the [Home Keeper](#) or the [Home Equity Conversion Mortgage \(HECM\)](#) reverse mortgage offers a payment option to address your particular financial needs...

With the [Home Keeper for Home Purchase](#), by making a significant down payment, older Americans can buy a home and eliminate monthly mortgage payments and keep more of your own savings. It combines the features of a home purchase mortgage and a reverse mortgage into one easy step, giving you instant access to your home equity.

Housing America

Fannie Mae will serve more families during the decade of the 1990s than the 12.5 million families we served the previous five decades of our existence....

Fannie Mae's Historical Required Net Yields

Do you have an adjustable-rate mortgage that has the option to convert to a fixed-rate based on Fannie Mae's required net yields? You can view a snapshot history of these yields [here](#).

For comments or questions please contact webmaster@fanniemae.com.
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HomeStyle Home Improvement Mortgages

Fannie Mae's HomeStyle home improvement products help you with the "tools" to finance a wide range of home improvements.

Bilingual Glossary

Mortgages terms in English and Spanish.

National Housing Survey Results

Fannie Mae's Fifth National Housing Survey, an annual research project designed to determine American attitudes toward housing and homeownership...

HomePath[®]

Thinking of buying or refinancing a home? Visit www.HomePath.com. Fannie Mae's newest web site, to compare types of mortgages, learn how to apply for a loan, calculate your buying power, locate a lender, go to closing -- and much more. HomePath.com offers a helpful and interactive real estate education experience: numerous calculators; glossary; e-mail; and a lender search function are all in your on-line path to a home of your own.



The Home Keeper Mortgage

It Pays to Keep You in Your Home

You've worked hard for many years to pay for your home. Now your home can pay you back -- with The Home Keeper Mortgage(SM). The Home Keeper Mortgage gives you the flexibility to remain independent and to address your particular financial needs.

Q: What is a Home Keeper(SM) mortgage?

A:

A Home Keeper reverse mortgage is a special type of mortgage that enables you, as an older homeowner, to tap the equity you have in your home. Whether you need a lump sum to pay an unexpected hospital bill or a stream of regular advances to supplement your monthly income, the Home Keeper reverse mortgage offers a payment option to address your particular financial needs.

With a Home Keeper reverse mortgage, you borrow against the value of your home and receive loan proceeds according to the payment plan that you select. You are permitted to change payment plans at any time over the life of the loan, for a nominal fee.

Unlike traditional mortgages or home equity loans, no repayment of the Home Keeper reverse mortgage is required until you no longer occupy the home as your principal residence. At that time, the loan will be due and payable.

When you sell your home or move, the accrued interest plus any cash the lender has paid to you (or to others on your behalf) is due and payable.

Q: Why is Home Keeper called a "reverse mortgage"?

A:

Unlike a traditional mortgage that you pay back each month, Home Keeper payments come to you. In effect, Home Keeper reverses the direction of the payments.

Q: How does a Home Keeper reverse mortgage differ from a home equity loan?

A:

While both Home Keeper and home equity loans enable you to turn the equity in your home into spendable dollars, there are important differences. With a home equity loan, you must make regular monthly payments to repay the loan. These payments begin as soon as the loan is originated. To qualify for such a loan, you must have a monthly income great enough to make those payments.

The Home Keeper reverse mortgage has two principal differences from the typical home equity loan:

- o You do not repay the loan as long as the home remains your principal residence.
- o Your income is not considered when qualifying you for the loan.

Q: Who is eligible for a Home Keeper reverse mortgage?

A:

You, and any co-borrowers, must be at least 62 years old and either own your home free and clear or have a very low outstanding mortgage balance. Your home must be a single-family home. Condominiums and cooperatives are not currently eligible for Home Keeper loans. You also must agree to attend a consumer education session on reverse mortgages. Family members are strongly encouraged to attend these sessions.

Q: How much money can I borrow with a Home Keeper mortgage?

A:

The maximum amount you can borrow -- the principal limit -- is based on three factors: the number of borrowers, the ages of those borrowers, and the adjusted property value. The adjusted property value is the lesser of the appraised value of your home or the Fannie Mae loan limit. Currently, this limit is \$214,600.

Your principal limit is determined at the time that you close your loan.

Q: How will I receive my money?

A:

When you close your loan, you will select one of the following payment plans.

- Tenure option -- you receive equal monthly payments for as long as you occupy the home as your principal residence
- Line of credit option -- you draw upon the principal limit of cash available at times and in amounts of your choosing
- Modified tenure option -- you may set aside a portion of loan proceeds as a line of credit and receive the rest in the form of equal monthly payments

The example below shows the line of credit that could be available to the borrower for different ages and property values.

Age	Single Borrower			Two Borrowers		
	Adjusted Property Value			Adjusted Property Value		
	\$100,000	\$150,000	\$200,000	\$100,000	\$150,000	\$200,000
70	26,514	42,369	58,223	9,461	16,789	24,117
80	42,668	66,435	90,201	31,211	49,249	67,287
90	58,285	89,429	120,573	48,907	75,362	101,817

Q: Can I increase the amount of money I receive under a Home Keeper mortgage?

A:

Yes, the Equity Share option allows you to receive higher cash payments through the life of the loan in exchange for a fee, called the Equity Share. The Equity Share is paid in addition to the loan balance when the loan is paid off. This fee is equal to 10 percent of the property value at the time the loan is repaid. If the combined value of the loan balance and the Equity Share is greater than the property value, you would repay only an amount equal to the value of the property. The Equity Share will not be charged to the borrower if the loan is paid off in the first 24 months of the loan. The Equity Share may not be available from all lenders.

The example below shows the line of credit that could be available to a borrower who has selected the Equity Share option. The Equity Share option is also available with the other payment plans.

Age	Single Borrower			Two Borrowers		
	Adjusted Property Value			Adjusted Property Value		
	\$100,000	\$150,000	\$200,000	\$100,000	\$150,000	\$200,000
70	35,505	55,855	76,205	14,805	24,805	34,805
80	59,235	91,285	123,335	44,335	68,935	93,535
90	68,097	104,147	140,197	65,497	100,247	134,997

Q: Will I have to pay any fees to obtain a Home Keeper reverse mortgage?

A:

Yes, you will pay an origination fee, points, other closing costs, and a monthly servicing fee. You can finance almost all of these fees -- that is, these items may be included in your loan balance so that you do not have to pay cash for them.

Q: How is interest charged for a Home Keeper mortgage?

A:

The Home Keeper is an adjustable-rate mortgage. The interest rate on the Home Keeper reverse mortgage is tied to the one-month CD index that is published weekly by the Federal Reserve. The rate adjusts monthly and there is no limit to the amount the rate can change at each monthly adjustment. However, over the life of the loan, the rate cannot change more than 12 percentage points.

A change in the adjustable rate has no effect on the amount or number of loan advances you receive. Interest rate changes will cause the loan balance to grow faster with a higher rate or slower with a lower rate.

Q: Can I be forced to sell or vacate my home if the money I owe on the loan exceeds the value of my home?

A: No. As long as you continue to occupy the property as your principal residence and abide by the loan agreement, which states that you are responsible for property maintenance and payment of all property taxes and insurance, you can stay in your home as long as you choose. No deficiency judgment may result from your Home Keeper loan.

Q: Will my heirs owe anything to the mortgage lender if I die before the loan is paid off?

A: Upon your death, the loan balance, consisting of payments made to you or on your behalf (such as fees) plus accrued interest plus the Equity Share (if selected), becomes due and payable. Your heirs may repay the loan by selling the home or by paying off the Home Keeper loan so that they may keep the home. If the loan balance (or the loan balance and the Equity Share) exceeds the value of your property, your estate will owe no more than the value of the property. No additional financial claims may be made against your heirs or estate.

Q: If my home appreciates in value while I have a Home Keeper reverse mortgage, who will be entitled to that money?

A: With a Home Keeper reverse mortgage, you are legally required to pay back to the lender only the outstanding balance and the Equity Share (if that option was selected). Any money remaining after the mortgage is paid goes to you or, upon your death, to your heirs.

Q: What if I decide to sell my home?

A: If you choose to sell your home, the outstanding loan balance, plus any Equity Share, becomes due and payable to the mortgage lender at the time of sale. You would receive any proceeds exceeding the loan balance.

Q: Can I sell my home to my children and continue to live in it?

A: If you sell your home to your children, or any other individual, the Home Keeper loan will be due and payable at settlement. After the loan is repaid, occupancy arrangements are at the discretion of the new owners.

Q: Will funds I receive from a Home Keeper reverse mortgage affect my Social Security, Medicare, Supplemental Security Income (SSI), or Medicaid benefits?

A: Home Keeper loan funds do not affect your Social Security or Medicare benefits because those benefits are not based on the assets of the recipient. However, in the federal Supplemental Security Income program, beneficiaries must keep their liquid resources under certain limits (\$2,000 for individuals and \$3,000 for couples). If you do not spend Home Keeper advances in the month received, then such funds are considered part of your liquid resources and may adversely affect your eligibility for SSI. Therefore, a Home Keeper borrower who also receives SSI should never draw more money than he or she actually needs to spend that month. Regulations for state-administered programs such as Medicaid, AFDC, and food stamps and for state-funded welfare programs (such as state supplements to SSI), all have different eligibility requirements. Therefore, we suggest that you consult a benefits specialist at your local Area Agency on Aging or the local offices for these programs to determine how Home Keeper payments may affect your particular situation.

Q: Where can I learn more about the Home Keeper reverse mortgage?

A: You may order a list of participating lenders from Fannie Mae's Consumer Resource Center by calling 1-800-7-FANNIE (1-800-732-6643). You also may request "Money From Home", Fannie Mae's guide to Home Keeper and Home Equity Conversion Mortgages. To learn more about all types of reverse mortgages, you can write to the American Association of Retired Persons (AARP) to request their guide to converting your home equity into cash. For a free copy, write to:
Home Made Money
AARP Home Equity Information Center
601 E Street, NW
Washington, DC 20049

For comments or questions please contact webmaster@fanniemae.com.
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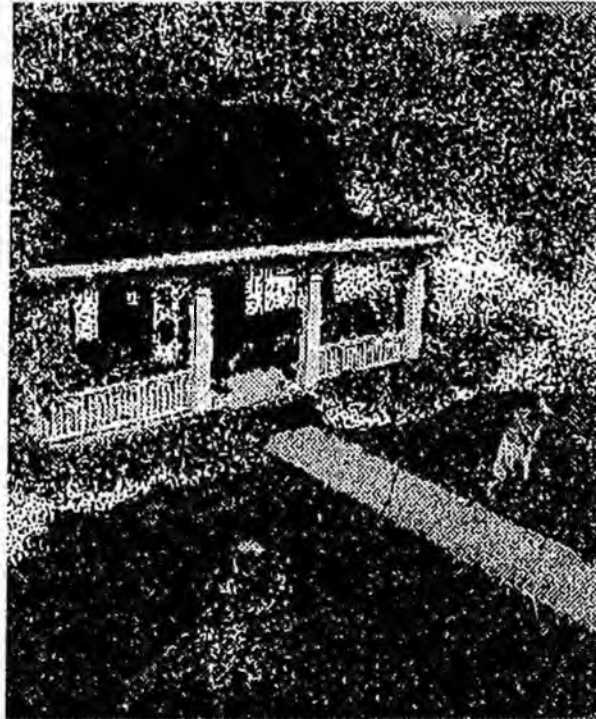


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America's largest source of home mortgage funds



Home Equity Conversion Mortgage (HECM)

**You've Worked Years To Own Your Home:
Now It's Time Your Home Worked For You**

-
- [How to Supplement Your Income. On the House.](#)
 - [Your Home is Probably Made of Money.](#)
 - [How Much Can You Receive?](#)
 - [Ready to Take the Next Step?](#)

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America's largest source of home mortgage funds



"After Herb died, I thought I'd have to move in with my son. But thanks to my reverse mortgage, I've been able to stay in my own home, near my friends and senior's groups."

Home Equity Conversion Mortgage (cont'd.)

Are you 62 or over? Do you own your home free and clear, or close to it? If so, here's how to supplement your income. On the house.

A lot of older Americans are house rich, but cash poor. Typically, they're living on fixed incomes and having trouble making ends meet. Many times, they're forced to sell the homes they love, just so they can afford to live.

At Fannie Mae, we don't think that's right. As America's leader in finding innovative ways to make housing more affordable, we want to help older Americans stay in their homes and maintain their independence. That's why we're providing funds to help finance Home Equity Conversion Mortgages. A Home Equity Conversion Mortgage is a type of "reverse" mortgage loan, sponsored by the U. S. Department of Housing and Urban Development (HUD) and insured by the Federal Housing Administration (FHA). A Home Equity Conversion Mortgage allows you to tap the equity you have in your home and receive a monthly check or a line of credit that you can use in any way you please. Best of all, unlike a regular home equity loan, you don't have to repay a penny as long as you stay in your home.

For comments or questions please contact webmaster@fanniemae.com.

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America's largest source of home mortgage funds

Home Equity Conversion Mortgage (cont'd.)

You may not be made of money. But your home probably is.

If you're like most older Americans, your home is your largest investment. You've worked years to pay it off, and it's probably worth substantially more today than when you bought it. But now you find yourself needing extra money for living expenses or an unexpected bill. Or maybe you need money for home repairs, or to fix up your car.

With a *Home Equity Conversion Mortgage*, you actually borrow against the value of your home. You then receive the loan proceeds according to the payment plan you select. Several payment options are available, and you can change any time - and as many times - as you wish.

And as long as your home remains your principal residence, you don't have to repay a penny. When your home is finally sold, the loan value plus accrued interest is due and payable, usually from the proceeds of your home. Any accrued servicing fees, mortgage insurance premiums, and other closing costs that were financed will also be a part of the loan balance at that time.

Any proceeds left belong to you or your heirs. If your loan balance exceeds the value of your home, the FHA insurance makes up the difference. So neither you nor your heirs will be left with a debt, and you can never be forced to sell or vacate your home as long as you choose to stay in it.

For comments or questions please contact webmaster@fanniemae.com.

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America's largest source of home mortgage funds



"Our Home Equity Conversion Mortgage gives us just that little bit extra that lets us live comfortably in retirement, without worrying about the cost of home maintenance or emergency expenses."

Home Equity Conversion Mortgage (cont'd.)

How much can you receive? That depends.

The amount you receive depends on the age of the youngest borrower(s), the interest rate charged by the lender, the maximum claim amount (the appraised value of your home or the maximum principal amount for a one-family residence that can be insured by FHA in your area, whichever is less), and the length of time you'll be receiving payments. Basically, the older you are, the larger your payments will be.

Once you're approved, you select the payment plan that best suits your needs. You can choose from the following options:

- a **term** option that gives you equal monthly payments for a fixed period of time;
 - a **tenure** option that gives you equal monthly payments for as long as you remain in your home;
 - a **line of credit** option that lets you draw cash as you need it; or
 - a **modified** option that gives you a monthly income and a line of credit.
-

The following example shows typical monthly payments available under the term option and the tenure option:

Term Payment Plan
(10-year term)

AGE	MAXIMUM	CLAIM	AMOUNT
	\$50,000	\$75,000	\$100,000
65	\$146	\$262	\$378
75	\$233	\$391	\$549
85	\$340	\$547	\$755

Tenure Payment Plan

AGE	MAXIMUM	CLAIM	AMOUNT
	\$50,000	\$75,000	\$100,000
65	\$90	\$162	\$234
75	\$154	\$259	\$364
85	\$272	\$438	\$604

(These figures are approximate and assume an 8.5 percent interest rate, financing of \$2,000 in closing costs and the initial mortgage insurance premium, and deduction of a \$30 monthly servicing fee.)

For comments or questions please contact webmaster@fanniemae.com.
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FannieMae

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America's largest source of home mortgage funds



"My kids and I talked about getting a Home Equity Conversion Mortgage, and they were both very supportive. The way we look at it, I'm just borrowing the money from myself."

Home Equity Conversion Mortgage (HECM)

Ready to take the next step? Then call a Fannie Mae lender.

If you and any co-borrowers are 62 or over and own your home free and clear or are close to it, you're eligible to apply for a Home Equity Conversion Mortgage. The first step is to participate in free information sessions with a HUD-approved counseling agency. These sessions provide additional details on the Home Equity Conversion Mortgage and other options to help you decide whether a Home Equity Conversion Mortgage is right for you. Family members are strongly urged to attend, because any decision you make will affect your estate and its ultimate disposition. As with most regular mortgage loans, you'll have to pay an origination fee, closing costs, and a mortgage insurance premium. Some of these fees may be financed and added to your loan balance, so you won't have to come up with additional cash to pay for them.

To take the first step, call a Fannie Mae lender in your area. You've spent a lot of years working and saving to buy your home. Now it's time your home went to work for you.

For comments or questions please contact webmaster@fanniemae.com.

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Premier Mortgage

3000 A Street, Suite 102
Anchorage, AK 99503
Fax 907-563-7203
Work 907-563-7799
e-mail: premier@alaska.net
<http://www.alaska.net/~premier>

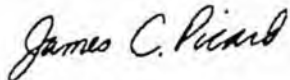
Date: February 1, 1998

To: Senator Randy Phillips
Alaska State Senate
Fax 907-465-4979

Subject: Senate Bill 221 - Enables Fannie Mae HomeKeeper's Equity
Share Option

Premier Mortgage strongly supports Senate Bill 221, which will allow Alaska's senior community to retain ownership of their homes, yet still extract equity, an option that is not now available to them.

Sincerely,



James C. Picard
President

cc: Amber Hutchens, President, AMBA
Fax 907-257-3478



**SEATTLE
MORTGAGE**
A MORTGAGE BANKER

Reverse Mortgages
221 1st Avenue West, Suite #105
Seattle, WA 98119
(206) 213-0013
Fax: (206) 281-5209
Toll Free 1-800-233-4601

TO: Senator Phillips - Alaska State Legislator
Amber Hutchens, President of AMBA

FROM: Ken Keranen, Reverse Mortgage Department Manager for
Seattle Mortgage Company

DATE: January 30, 1998

RE: Senate Bill # 221 - Enables Fannie Mae HomeKeeper's Equity Share
Option.

Seattle Mortgage, with an office in Alaska, has financed about 12 FHA Reverse Mortgage Loans over the past 3 years in Alaska. We have had several cases where the FHA program would not work for the Senior requesting a loan and have had to turn them down because we were unable to offer the Homekeeper Equity Share program.

Seattle Mortgage has sold 60 HomeKeeper loans to Fannie Mae over the past year and a half. These loans were all originated in Washington and Oregon and constitute approximately 20% of our Reverse Mortgage business. None of these loans were written without the Equity Share feature. I understand that Nationally, fewer than 5% of all HomeKeepers do not have Equity Share.

I urge you to do whatever you can to get this bill passed. HomeKeepers with the Equity Share feature will not be a major portion of the Reverse Mortgage Loans written in the State of Alaska. However, for those few that need it in order to get out from under existing conventional mortgages, the HomeKeeper with Equity Share is truly a blessing.

Post-it® Fax Note	7671	Date	1/30/98	# of Pages	1
To	SENATOR PHILLIPS		From	KEN KERANEN	
Co./Dept.	LEGISLATION		Co.		
Phone	(907) 465-4979		Phone #		
Fax #			Fax #		

ALASKA MORTGAGE BANKERS ASSOCIATION
F. O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

TO: Members of the 20th Legislature

RE: AS.45.45.01(f) - equity share
Work draft O-LS1024/A.

Date: October 6, 1997

Dear Honorable Members of the Legislature,

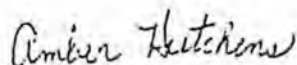
The Alaska Mortgage Bankers Association represents the home lenders of Alaska. Our primary goals include ensuring the continued strength of the Alaskan residential and commercial real estate markets, and expanding home ownership prospects through increased affordability.

As an affordable avenue for senior citizens, Fannie Mae has developed an excellent residential loan program called 'HomeKeeper'. This national program will allow seniors to not only extract equity without a repayment plan, which will enable older Alaskans to keep their homes, but also purchase a house without the pressures of high payments. One of the features of the HomeKeeper program is to allow a higher income allowance to the senior, in exchange for an equity share agreement. Unfortunately, due to current law this option cannot be utilized.

We write to recommend changes to A.S.45.45.010(f) to enable shared equity loans, provided they are approved or sponsored by either the state of Alaska or the federal government. Amending this statute in that way will enable the Alaska lending community to fully implement programs such as Fannie Mae's HomeKeeper program, and in turn benefit older Alaskans.

We look forward to your support and passage of a bill similar to work draft O-LS1024/A.

Sincerely,



Amber Hutchens
President
257-3302

INTERNET ADDRESS:
acoa@admin.state.ak.us



P.O. BOX 110209
JUNEAU, AK 99811-0209
(907) 465-3250
FAX: 465-4716

Alaska Commission on Aging

RESOLUTION 98-1

In support of negative amortization of owner-occupied secured loans

WHEREAS, senior citizens desire to remain in homes they own as long as they are able; and

WHEREAS, SB 221 would amend A.S. 45.45.010(f) to enable lending institutions throughout Alaska to offer certain types of annuity mortgages to senior citizens;

THEREFORE, BE IT RESOLVED that the Alaska Commission on Aging supports SB 221.

Adopted this 30 th day of January, 1998.

Donald M. Hoover

Donald Hoover, Chair

FISCAL NOTE

No. 1
 Bill Version: 99 SB221 (FIN)
 BILL NO (S) Publish Date: 1/27/98

STATE OF ALASKA
 1998 LEGISLATIVE SESSION

Revision Date: _____
 Title: Negatively amortizing loans
 Sponsor: Senate Finance Committee
 Requestor: Senate Finance Committee

Department: Commerce and Economic Development
 BRU: Banking, Securities and Corporations
 Component: Banking, Securities and Corporations

COMPONENT SERIAL NO. _____

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 98) cost: \$ 0.0

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Willis F. Kirkpatrick, Director *Willis F. Kirkpatrick* Phone: 465-2521
 Division: Banking, Securities and Corporations Date: 1-23-98
 Approved by Commissioner: Deborah B. Sedwick *Deborah B. Sedwick* Date: _____
 Agency: Commerce and Economic Development

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HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 6, 1998

FURTHER REFERRALS:

Date of Committee Action: 3/26/98

The FINANCE Committee considered:

CSSB 221(FIN)

CS FOR SENATE BILL NO. 221(FIN)

NEGATIVELY AMORTIZING LOANS

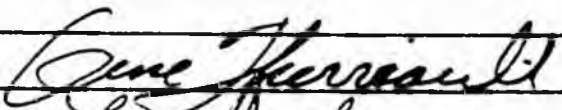

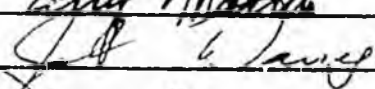
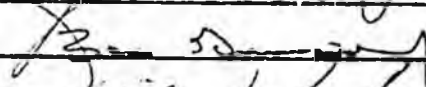

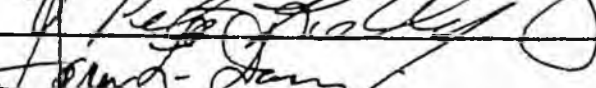
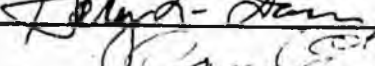
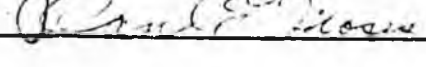
“An Act relating to negatively amortizing loans secured by owner-occupied real property originated under a program approved or sponsored by the state or federal government, including congressionally chartered national corporations.”


recommends it be replaced with the following committee substitute HCS CS SB 221 (FIN) the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) DCED 1/27/98

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	Therriault	X			
	Martin	X			
	J. Davies	X			
	Grussendorf	X			
	Kohring	X			
	Kelly			✓	
	G. Davis	X			
	Mittels	X			

CD CHAIR'S SIGNATURE 
Therriault

0-LS1024H
Cook
3/26/98

adopted No/Obj

**HOUSE CS FOR CS FOR SENATE BILL NO. 221(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION**

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to negatively amortizing loans secured by owner-occupied real
2 property originated under a program approved or sponsored by the state or
3 federal government, including congressionally chartered national corporations."

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

5 * Section 1. AS 45.45.010(f) is amended to read:

6 (f) A bank, credit union, savings and loan institution, pension fund, insurance
7 company, or mortgage company may not require or accept any percent of ownership
8 or profits above its interest rate. This subsection does not apply to a loan if the
9 principal amount of the loan is \$1,000,000 or more and the term of the loan is five
10 years or more, or to a negatively amortizing loan secured by owner-occupied real
11 property originated under a program approved or sponsored by

12 (1) the federal government, including congressionally chartered
13 national corporations; or

14 (2) the state if

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(A) the real property that secures the loan is not subject to forced sale provided the owner has not violated the terms of the loan agreement including terms regarding

(i) payment of property taxes;

(ii) payment of hazard or fire insurance premiums;

(iii) keeping the property in reasonable repair;

(iv) not vacating the property for a period longer than 12 months;

(B) the owner may not be evicted from the real property that secures the loan unless a term of the loan agreement regarding a matter listed in (A)(i) - (iv) of this paragraph has been violated;

(C) neither the estate nor any heir of the former owner may be compelled to pay a deficiency judgment related to the loan; and

(D) the estate or an heir of the former owner has a right of first refusal and may either pay off the loan balance in full, if the former owner had equity in the property, or pay a sum not to exceed 95 percent of the value of the property at the time of exercise of the right of first refusal as determined by an independent real estate appraiser licensed under AS 08.87.

HCS FOR CS FOR SENATE BILL NO. 221(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to negatively amortizing loans secured by owner-occupied real
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11 property originated under a program approved or sponsored by

12 (1) the federal government, including congressionally chartered
13 national corporations; or

14 (2) the state if

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(A) the real property that secures the loan is not subject to forced sale;

(B) the owner may not be evicted from the real property that secures the loan;

(C) the estate of the former owner may not be compelled to at the time of the death pay a deficiency judgment that exceeds the amount of equity the former owner had in the property that secures the loan; and

(D) an heir of the former owner has an option to pay the entire balance due on the loan.

SB

221

SFIN

FILE

A FAX

Alaska State Legislature

Date: 26 Jan 1998

To: Legal Services

Fax #: 2029 Phone #: 2450

From: Terry Lee, Sen. Finance Committee

Phone #: 2618

Re: final version CS SB 221 (FIN) (0-LS1024\E) incorporating
attached 2 amendments.

Thanks!

Following this page, please find 2 pages(s). If this does not reach you in full, please inform us ASAP.



THANK YOU



Senate Finance Committee

Senator Jan Faiks, Co-Chairman — Senator John Sackett, Co-Chairman

Jerry:

For your approval.

Amendments #1 and 2 for CSSB 22(FIN)

OK

Jerry
2/6/18



Senate Finance Committee

Senator Jan Fairs - Co-Chairman - Senator John Sackett - Co-Chairman

Sen. Phillips.

Please note amends #1
and #2 incorporated into
CS SB 221 (FIN)

For your approval.

Jerry
2618

CS FOR SENATE BILL NO. 221(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to negatively amortizing loans [secured by owner-occupied real
2 property] originated under a program approved or sponsored by the state or
3 federal government, [including congressionally chartered national corporations.]

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

5 * Section 1. AS 45.45.010(f) is amended to read:

6 (f) A bank, credit union, savings and loan institution, pension fund, insurance
7 company, or mortgage company may not require or accept any percent of ownership
8 or profits above its interest rate. This subsection does not apply to a loan if the
9 principal amount of the loan is \$1,000,000 or more and the term of the loan is five
10 years or more, or to a negatively amortizing loan secured by owner-occupied real
11 property] originated under a program approved or sponsored by the state or
12 federal government, [including congressionally chartered national corporations.]

L

CS FOR SENATE BILL NO. 221(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

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 8 or profits above its interest rate. This subsection does not apply to a loan if the
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 10 years or more, or to a negatively amortizing loan [secured by owner-occupied real
 11 property] originated under a program approved or sponsored by the state or
 12 federal government, [including congressionally chartered national corporations.]

SENATE FINANCE
COMMITTEE

Amendment Number: 1 0-LS1024\E 1
Bill Number: SB 221
Sponsor: Phillips Date: 1/26/98 Cook
Logged In By: js 1/23/98

A M E N D M E N T

OFFERED IN THE SENATE

TO: SB 221

moved BY SENATOR PHILLIPS
w/o objection, adopted

- 1 Page 1, line 2, following "government":
- 2 Insert ", **including congressionally chartered national corporations**"

- 3 Page 1, line 10, following "government":
- 4 Insert ", including congressionally chartered national corporations"

SENATE FINANCE
COMMITTEE

Amendment Number: 2

Bill Number: SB 221

Sponsor: Phillips Date: 1/26/92

Logged In By: J.S.

Amendment

TO: SB221

moved By Sen. Phillips
w/o objection, adopted

Page One, Line One

after the word "loans" insert: secured by owner occupied real property

Page One, Line Nine

after the word "loan" insert: secured by owner occupied real property

FISCAL NOTE

1/26/98

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 221

Revision Date: _____
 Title: Negatively amortizing loans
 Sponsor: Senate Finance Committee
 Requestor: Senate Finance Committee

Department: Commerce and Economic Development
 BRU: Banking, Securities and Corporations
 Component: Banking, Securities and Corporations
 COMPONENT SERIAL NO. _____

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 98) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Willis F. Kirkpatrick, Director *Willis F. Kirkpatrick* Phone: 465-2521
 Division: Banking, Securities and Corporations Date: 1-23-98
 Approved by Commissioner: Deborah B. Sedwick *Deborah B. Sedwick* Date: _____
 Agency: Commerce and Economic Development

SENATE FINANCE COMMITTEE REPORT

DATE: 1/12/98

FURTHER: REPORTED OUT OF
SFC 1/26/98

Date of 5-Day Notice: 1/22/98
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 1/26/98

Finance Committee considered SENATE BILL NO. 221

"An Act relating to negatively amortizing loans originated under a program approved or sponsored by the state or federal government."

and recommends:

- be replaced with _____ CS _____ SB 221 _____ (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR" _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>John J. Kelly</i>	✓	<i>W. Adams</i>	✓		
<i>John J. Lynch</i>	✓				
Co-Chair:		Co-Chair: <i>Deane</i>	✓		
Co-Chair:		Co-Chair: <i>...</i>	✓		

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

DCED	1/23/98	Ø	

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

SB

223

HFIN

FILE

~~Amendment #1~~ pg 2 ln 3D

0-LS1081NP.a

CS FOR SENATE BILL NO. 223(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 4/8/98

Offered: 4/1/98

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the age requirement for purposes of senior housing
2 programs and requiring the Alaska Housing Finance Corporation to establish the
3 age requirement, which may not be less than 55 years of age, for occupants
4 of certain senior housing; relating to the senior housing revolving fund;
5 repealing the senior housing bond account; relating to bonds to fund senior
6 housing loans; repealing a provision relating to the interest rate on senior
7 housing loans made by the Alaska Housing Finance Corporation; and providing
8 for an effective date."

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

10 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that
11 (1) it is necessary to ensure that decent, safe, sanitary, and affordable housing
12 is available in the state for seniors;

1 (2) senior housing should be made available to as many people as possible; and
 2 (3) federal law accommodates certain types of senior housing for people 55
 3 years of age or older under 42 U.S.C. 3607(b) (Fair Housing Act).

4 (b) It is the purpose of this Act to make senior housing development programs more
 5 available to older Alaskans through the senior housing revolving fund.

6 * Sec. 2. AS 18.56.710(a) is amended to read:

7 (a) The senior housing revolving fund is established. The revolving fund
 8 consists of appropriations made to it by the legislature, the proceeds of bonds sold
 9 under AS 18.56.790, repayments of principal and interest on loans made or
 10 purchased from assets of the fund [AS THEY ARE DEPOSITED INTO IT BY THE
 11 CORPORATION FOR SPECIFIC PROJECTS], and money or other assets transferred
 12 to the revolving fund by the corporation. The corporation may

13 (1) pledge amounts deposited in the revolving fund for bonds issued
 14 under AS 18.56.790;

15 (2) use amounts deposited in the fund [AND USED BY THE
 16 CORPORATION] for making, purchasing, or participating in

17 (A) [(1)] senior housing mortgage loans;

18 (B) [(2)] loans made for building materials for senior housing;

19 (C) [(3)] loans made for renovation or improvement of or for
 20 senior housing, including loans for renovation or improvement of congregate
 21 or individual residences; and

22 (D) [(4)] loans made for the construction of senior housing.

23 * Sec. 3. AS 18.56.790(a) is amended to read:

24 (a) Under the procedures of this chapter, the corporation may issue bonds in
 25 a total amount not exceeding \$30,000,000 to fund senior housing loans made under
 26 AS 18.56.700 - 18.56.799 [THAT ARE APPROVED BY THE CORPORATION
 27 UNDER (b) OF THIS SECTION].

28 * Sec. 4. AS 18.56 is amended by adding a new section to read:

29 ~~Amend #1~~ ⁸¹⁰ **Sec. 18.56.795. Regulations.** For purposes of implementing AS 18.56.700 -
 30 ~~18.56.799~~, the corporation shall, under AS 18.56.088, establish by regulation the age
 31 requirement for occupants of senior housing, which may not be less than 55 years of

1 age.

2 * **Sec. 5.** AS 18.56.799(2) is amended to read:

3 (2) "senior housing"

4 (A) means construction or improvement undertaken primarily
5 to provide dwelling accommodations for [PERSONS 60 YEARS OF AGE OR]
6 older individuals, including conventional housing, housing for frail elderly,
7 group homes, congregate housing, residential horizontal property regimes
8 organized under AS 34.07, residential cooperatives organized under AS 10.15
9 or AS 34.08, residential condominiums organized under AS 34.08, and other
10 housing that meets special needs of the elderly;

11 (B) includes acquisition, construction, or rehabilitation of land,
12 buildings, improvements, and other nonhousing facilities that are incidental or
13 appurtenant to the housing described in (A) of this paragraph.

14 * **Sec. 6.** AS 18.56.800 is amended to read:

15 **Sec. 18.56.800. Declaration of purpose.** There exists in the state a serious
16 shortage of decent, safe, and sanitary residential housing available at low or moderate
17 prices or rentals to [PERSONS 60 YEARS OF AGE OR] older individuals. There
18 also exists in the state organizations whose purposes are to provide the kinds of
19 housing needed to alleviate this shortage. Development work to provide such housing
20 involves substantial expense that is often beyond the resources of the organizations.

21 * **Sec. 7.** AS 18.56.720, 18.56.790(b), and 18.56.790(c) are repealed.

22 * **Sec. 8.** AS 18.56.790(d) is repealed.

23 * **Sec. 9.** All assets in the senior housing bond account (AS 18.56.790(d)) on the effective
24 date of this section are transferred to the senior housing revolving fund (AS 18.56.710).

25 * **Sec. 10.** Sections 8 and 9 of this Act take effect immediately under AS 01.10.070(c).



Official Business

Alaska State Legislature

Senate

State Capitol
Juneau, AK. 99801-1182

Rules Committee

COMMITTEE SUBSTITUTE for SENATE BILL 223 (Fin) am SPONSOR STATEMENT

Senate Bill 223 expands housing options for Alaska seniors and eliminates unnecessary costs tied to senior housing programs. AHFC supports the bill.

The Finance Committee Substitute streamlines the senior housing loan program statutes. Among these changes is a provision allowing for more flexibility in setting the eligibility age for senior housing. Currently set in statute at 60 years or older for projects financed under the Senior Housing Revolving Fund (SHRF), this threshold restricts some older Alaskans from accessing senior housing.

Only one senior housing project in Alaska was financed through the SHRF; all other projects were financed under AHFC's Special Needs Multi-family Loan Program. While AHFC can, by regulation, lower the age limit to 55 for projects under the latter program, the age limit for SHRF projects is set in statute at 60. CSSB 223 (Fin) am gives AHFC the ability to lower the eligibility age for SHRF projects to 55.

A second problem with the SHRF is a mandatory surcharge of two interest points for construction loans, and half a point for permanent loans. When senior housing was a function of the Office of Senior Housing in the Department of Community & Regional Affairs (DC&RA), revenues generated by these surcharges defrayed administrative costs. Now that senior housing programs are under AHFC, surcharges are no longer necessary, and prevent effective use of the SHRF to finance projects that provide housing opportunities to older Alaskans.

CSSB 223 (Fin) am eliminates numerous unnecessary provisions in senior housing laws. This includes the repeal of the senior housing bond account and the transfer of its assets to the SHRF. The bill earmarks repayment of SHRF loans for deposit to the fund, and clarifies that these are to be used for senior housing loans. It also deletes a requirement that a list of approved senior housing projects be made before bonds are sold, an outdated component of the original statute.



Official Business

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Senate

Rules Committee

MEMORANDUM

State Capitol
Juneau, AK. 99801-1182

TO: Senator Kelly, Chairman
Senate Rules Committee
Representatives Hanley and Therriault, Co-Chairmen
House Finance Committee

FROM: Benjamin Brown, ^{BES} Legislative Aide to Senator Kelly

DATE: 6 May 1998

IN RE: sectional analysis of CS for SB 223 (Finance)

"An Act relating to the age requirement for purposes of senior housing programs and requiring the Alaska Housing Finance Corporation to establish the age requirement, which may not be less than 55 years of age, for occupants of certain senior housing; relating to the senior housing revolving fund; repealing the senior housing bond account; relating to bonds to fund senior housing loans; repealing a provision relating to the interest rate on senior housing loans made by the Alaska Housing Finance Corporation; and providing for an effective date."

A summary by section of *CSSB 223 (Fin) am* follows. Please note that a sectional analysis is not generally considered to be the most authoritative interpretation of a bill; the bill itself is the best statement of its specific effects.

Section 1 contains findings and purposes relating generally to the need for housing for older Alaskans. It also notes that federal law considers seniors to be persons aged 55 and older for the purposes of senior housing programs under the Fair Housing Act. Section 1 further espouses the goal of making senior housing development programs more available to older Alaskans.

Section 2 adds principal and interest repayments on loans made from the Senior Housing Revolving Fund or purchased with the Fund's assets, to the income stream for the Fund. It expands the statutory range of uses for the Fund to include amounts deposited in the Fund as a source for loans to effect a variety of senior housing goals.

Section 3 deletes an unnecessary reference to the compilation of a list of approved senior housing projects prior to the issuance of bonds by Alaska Housing Finance Corporation (AHFC), a requirement which is eliminated by Section 7 of the bill.

Section 4 enables AHFC to adopt regulations setting age requirements that may not be less than 55 years for senior housing projects financed under the Senior Housing Revolving Fund.

Section 5 removes the specific age reference in the definition of senior housing in the definitions section applicable to AS 18.56.700 - .799.

Section 6 removes the specific age reference in the declaration of purpose for the Senior Citizens Housing Development Fund (AS18.56.800).

Section 7 repeals several unnecessary provisions of the senior housing law. The first (AS 18.56.720) mandates an interest rate surcharge on Senior Housing Revolving Fund loans, over and above the cost of the bonds issued to fund the loan. Revenues from these extra interest points are no longer needed to cover administrative costs.

The second item repealed is a subsection (AS 18.56.790[b]) which calls for the compilation of a list of approved senior housing projects before the issuance of bonds, no longer necessary as the senior housing program has been in existence for many years.

Third to be repealed is a subsection (AS 18.56.790[c]) which sets out that the Senior Housing Revolving Fund receives transfers from the senior housing bond account on a regular schedule, not needed as the latter account is being eliminated by Section 8.

Section 8 repeals AS 18.56.790(d), which establishes the senior housing bond account, reflecting the fact that *CSSB 223 (Fin) am* makes the Senior Housing Revolving Fund into a fully functional financing mechanism.

Section 9 repeals transfers the assets of the senior housing bond account to the Senior Housing Revolving Fund on the effective date set forth in Section 10.

Section 10 provides for an immediate effective date for Sections 8 & 9 of the bill.

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 9, 1998

FURTHER REFERRALS:

Date of Committee Action: 5/7/98

The FINANCE Committee considered:

CSSB 223(FIN) am

CS FOR SENATE BILL NO. 223(FIN) am

SENIOR HOUSING

"An Act relating to the age requirement for purposes of senior housing programs and requiring the Alaska Housing Finance Corporation to establish the age requirement, which may not be less than 55 years of age, for occupants of certain senior housing; relating to the senior housing revolving fund; repealing the senior housing bond account; relating to bonds to fund senior housing loans; repealing a provision relating to the interest rate on senior housing loans made by the Alaska Housing Finance Corporation; and providing for an effective date."

recommends it be replaced the same title
 with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) Revenue 1/28/98

SIGNING WITH RECOMMENDATIONS		DP	ENP	NR	AM
<i>Edmund W. ...</i>	mulder	X			
<i>...</i>	Kohring				X
<i>...</i>	martin			X	
<i>...</i>	J. DAVIS	X			
<i>...</i>	MOSES			X	
<i>...</i>	g. DAVIS			X	
<i>...</i>	Kelly		✓		

CHAIR'S SIGNATURE *Edmund W. ...*

Revision Date: January 21, 1998 Dept. Affected: Revenue
 Title: Senior Housing BRU: Alaska Housing Finance Corporation
 Sponsor: (S) RLS Component: _____
 Revisor: (S) STA COMPONENT SERIAL NO. 110

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB 223 would amend the current provisions for the Senior Housing loan program under AS 19.56.700-799 by lowering the age minimum from 60 to 55 years and removing requirements for the interest calculation. The affects of this legislation should have minimal impacts on the number of loan applicants for the development of senior housing. Currently, three similar provisions are already available under AHFC's Special Needs multi-family program. Making these provisions available under the Senior Housing program should enhance the availability of the program, but in most cases these loans would otherwise have applied for financing under the Special Needs program. Existing staff and resources will be able to review and monitor the changes proposed by this legislation.

Prepared by: John Bitney Phone: 907 330 9445
 Division: Alaska Housing Finance Corporation Date: January 21, 1998
 Approved by Commissioner: Wilson L. Condon Date: January 21, 1998
 Agency: Revenue

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