

ALASKA LEGISLATURE

2098

HOUSE AND SENATE FINANCE COMMITTEE FILES, 1999 - 2000

- State Vacation Planner ads
- Sector Guide ads, such as highway travel, winter guide, sportfishing guide
- Mailing label and film footage access
- Trade Show participation, both international and domestic
- Newspaper cooperative ads, Internet ads and link purchase
- Brochure distribution
- Trade promotion, media events, and team participation
- Research
- Meeting and workshop registrations

E. STATE PARTICIPATION

The State's responsibility to assist Alaskan businesses with economic development and growth dictates a need to help level the playing field for Alaska's tourism industry as we compete against other destinations receiving millions of dollars from their own states' general funds. In addition, the tourism industry's direct contributions to government (over \$123 million in taxes and fees to state and local governments in 1995) demonstrate that funds spent on tourism promotion are a long-term investment which would come back to the state in increasing amounts as the industry continues to grow.

The state fee-for-service contract of \$4 million represents a 25 percent decrease from current state general fund spending on tourism programs and a 40 percent decrease in total tourism program spending. This decrease would be phased in over a three-year period as the private sector's contributions increase.

The new, non-profit Alaska Travel Industry Association would contract with the State of Alaska to provide marketing services, which may include:

- Producing and distributing a state vacation planner or other materials
- Producing and maintaining a tourism web site
- Responding to visitor inquiries received by the state
- Including state information such as border crossings, hunting/fishing licenses, and road conditions in visitor publications and on the Internet
- Support to communities just beginning tourism development

Division of Tourism

A separate Division of Tourism within the Department of Commerce and Economic Development (DCED) would be maintained for governmental coordination, state policy development, business development, advocacy, planning, and any visitor information centers. The DoT would also serve as a liaison to the new organization and enter into the marketing contract with ATIA.

F. BOARD OF DIRECTORS

Board Structure and Elections

- Seats: 21 total – 17 elected and 4 appointed by the Chair of the Board.
- Representation:
 - 17 elected seats that correspond to the regions in the State Vacation Planner:
 - 1 Far North
 - 1 Southwest
 - 3 Southcentral, with at least one outside of Municipality of Anchorage
 - 3 Interior, with at least one outside of the Fairbanks North Star Borough
 - 3 Inside Passage, with at least one outside the City and Borough of Juneau
 - 3 Outside
 - 3 At-Large
- Elections & Terms: Directors would be elected by the entire membership, with each business receiving one vote. Elected seats voted into staggered three-year terms. Appointments serve one year.

Travel assistance would be available so that no one is excluded from serving on the board.

- Committees: A seven-member Executive Committee elected by the Board would consist of the Chair of the Board, Vice Chair, Chair of Marketing, Chair of Government Relations, Secretary/Treasurer, Immediate Past Chair, and President (chief staff administrator). The succession to Chair of the Board would require one year on the Executive Committee, then one year as Vice Chair. Other standing and advisory committees would be appointed for one year on an as-needed basis.

G. FUNDING GOALS

	Transition			
	FY00	FY01	FY02	FY03
<u>Direct Contributions</u>				
General Memberships	0	.3	.35	.4
DMOs/Communities	0	.3	.7	1.0
Cruise Companies	0	1.0	1.5	2.0
Pay-to-Play Programs	1.4	1.7	2.0	2.4
<u>State</u>	5.3	5.0	4.5	4.0
Total	6.7	8.3	9.05	9.8
<u>Other Income</u>				
Convention & Sponsorships	0	.2	.2	.2
Reserve	1.0	.5	0	0
Total Other Income	1.0	.7	.2	.2
Total Budget	7.7	9.0	9.25	10.0

H. TIMELINE

Implementation of this proposal would require approximately one full transition year, beginning in 1999. A transition team comprising representatives from the ATMC, AVA, State of Alaska, Destination Marketing Organizations, and Alaska Wilderness Tourism & Recreation Association was formed in July 1998 to write bylaws, incorporate the new organization, and facilitate the election of the first board of directors. The directors of each of the existing organizations (AVA, ATMC, and DoT) also serve as advisors to this transition team.

To ensure a smooth transition, the three current organizations would continue to operate concurrently with the new organization for a period of 6 to 12 months. On or before July 1, 2000, the new organization would officially take over the marketing functions currently served by the existing organizations. Once seated, the Alaska Tourism Industry Association Board of Directors would hire the Chief Staff Executive. Staff of the current organizations would be given first priority for positions with the new organization.

1998

January	Revised plan distributed to travel and tourism businesses statewide for approval
March	Legislation introduced
May	Legislature adjourns before enacting plan
July	Transition team formed to begin work on bylaws and articles of incorporation

1999

Winter	New legislation introduced
Spring	Transition team coordinates election of first board of directors
July 1	New organization begins initial operations

2000

Spring	Full plan takes effect: marketing duties of ATMC and DoT are transferred to new organization and AVA and ATMC are dismantled.
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Background

BUILDING ON OUR SUCCESS

History of Cooperative Marketing in Alaska

Cooperative Marketing in Alaska really began with the creation of the Alaska Visitors Association (AVA) in 1950. The major emphasis of the association was promotion, including production of the *Alaska Yukon Travel Manuals*. In fact, between 1959 and 1970, AVA was known as the Alaska Travel Promotion Association and worked on marketing projects with the Division of Tourism after it was formed in the '60s.

In 1976 the first formal cooperative tourism marketing efforts between the State of Alaska and the tourism industry began, when AVA approached the state with an innovative proposal to co-mingle private and state funds to draw visitors to Alaska. The idea was simple: combine funding from the state with money, marketing talent, and knowledge contributed by the private industry to build a program to promote the entire state as a destination. Program recommendations were provided by the Alaska Visitors Association Marketing Council and implemented by the Division of Tourism.

A Model Program

This melding of industry and state tourism efforts went a step further with legislation passed in 1988 to form the Alaska Tourism Marketing Council (ATMC). Jointly managed by the state and AVA, the ATMC oversees promotion of Alaska to the domestic and Canadian markets, while the State Division of Tourism (DoT) manages the international marketing efforts for Alaska.

This unique program has created a consistent, high-quality marketing plan that has bolstered industry expansion efforts, as evidenced by the phenomenal growth in the number of visitors to the state. For many years, Alaska's sophisticated marketing techniques and public/private structure served as a model for other destinations. The marketing materials produced were award-winning.

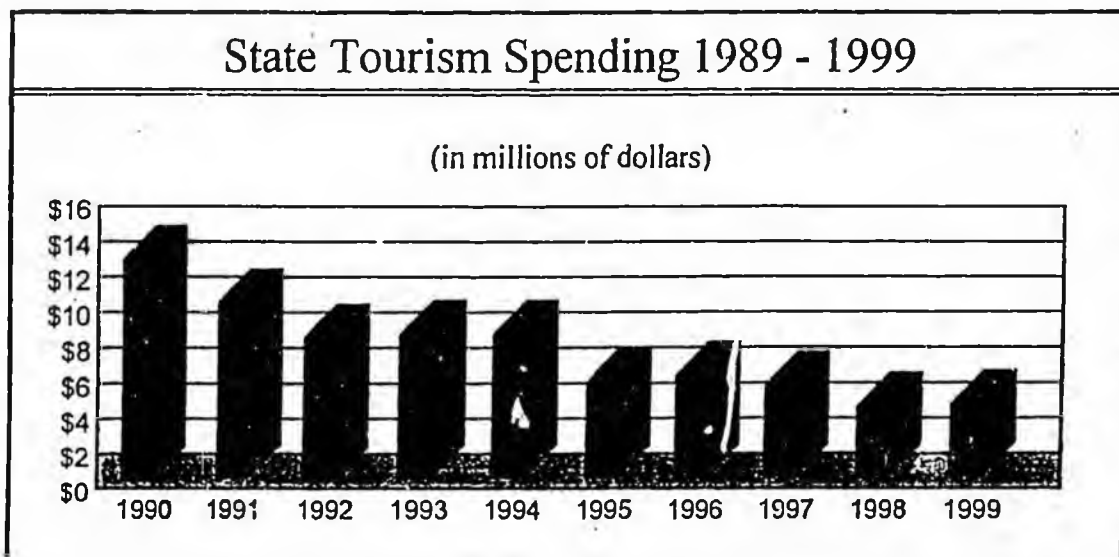
TOURISM IN TRANSITION

Alaska is Losing Ground

Since 1989, state funding for tourism programs has declined nearly 60 percent, from \$15 million in FY90 to under \$6.7 million in FY99. At the same time, other states have *increased* their tourism promotion by 26 percent in the last five years.

Alaska State Tourism Spending: (ATMC and DoT combined)

FY90	\$15,029,050
FY91	\$12,446,571
FY92	\$10,526,171
FY93	\$10,933,387
FY94	\$10,913,338
FY95	\$8,038,963
FY96	\$8,384,047
FY97	\$7,990,100
FY98	\$6,728,950
FY99	\$6,696,950

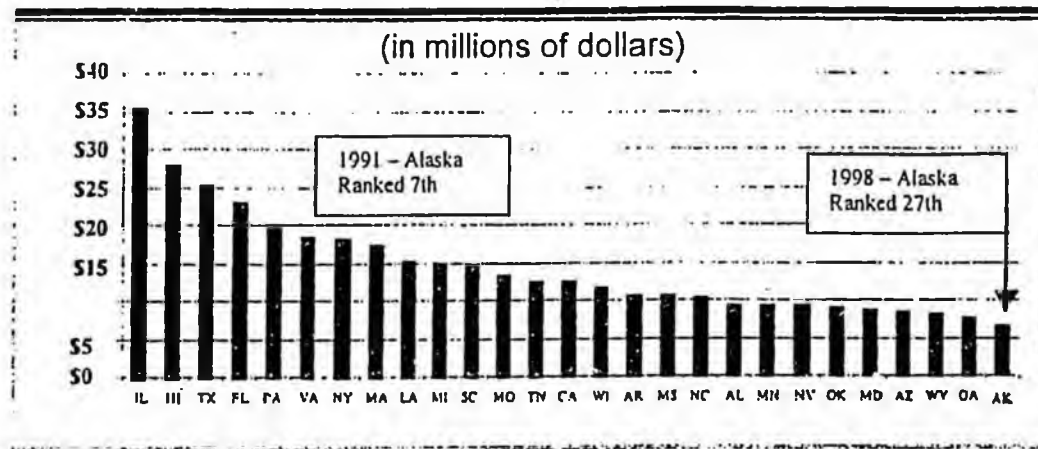


Further, we see support for tourism declining as the legislature becomes increasingly focused on cuts. The 1997 budget process was a roller-coaster ride for tourism. One version of the budget eliminated the Division of Tourism; another version restructured all tourism programs and combined the ATMC and DoT; and yet another reduced the Division of Tourism into an "Office of Tourism." It became apparent that tourism restructuring is happening through the budget process, rather than through a thoughtful discussion with the industry. The time and effort expended in Juneau by industry leaders and visitor businesses throughout the state has been enormous just to retain the current levels of funding for promotion. Given this sentiment, in the future we can realistically expect the state's tourism program to remain a target for further reductions.

Competition is Increasing

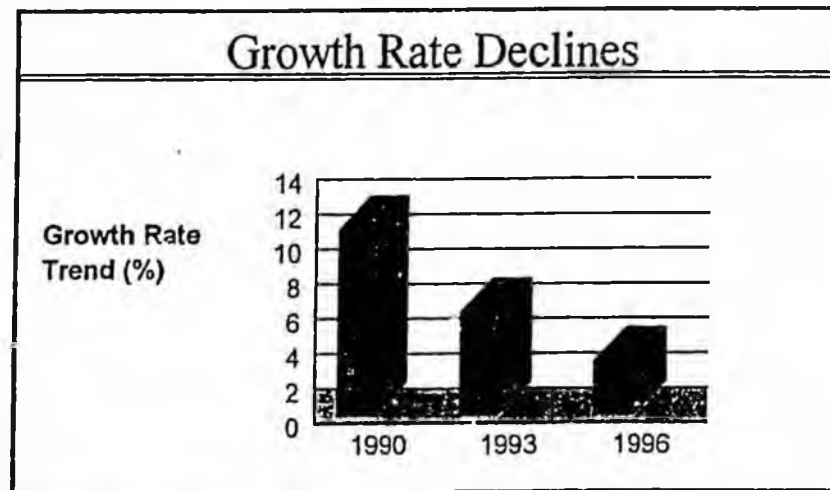
Alaska is also losing ground due to increasing competition from other states, countries and new destinations. While Alaska's most direct competitors are foreign countries, we are also being out spent in promotion by other states and even cities. This lack of advertising dollars has placed the visitor industry at a competitive disadvantage.

Top 27 State Tourism Budgets, 1998



Growth Rate is Declining

Alaska's relative decline in marketing competitiveness is being felt within the industry. While overall visitor numbers have continued to rise, the rate of growth has slowed. Some segments of the industry, most notably highway-dependent businesses, have felt the first effects of decline.



Visitor Industry Taxes and Fees Increase

Between 1992 and 1995, state taxes paid by visitors and visitor industry businesses increased by 99 percent, fees by 62 percent, and other revenue assessments by 6 percent. Despite these increases, general fund dollars going back to the industry *decreased* by over \$2 million - the equivalent of a 24 percent decrease during the same period of time.

State and local governments are increasingly targeting the visitor industry when looking for ways to fund general government. Taxation of the visitor industry is particularly appealing to some since visitors are not voting constituents. In 1997, two tax bills were introduced in the Senate that targeted tourism as a revenue source: SB23 proposed a 2 percent excise tax on statewide lodging facilities, and SB5 sought to levy a \$25 per-passenger fee for each port of call within Alaska. Although neither bill passed, they are one more indication of the interest to increase taxes on the industry.

SEARCHING FOR SOLUTIONS

The time has come for a change. The visitor industry cannot afford to watch as the state's tourism contributions continue to erode the effectiveness of our marketing. This, combined with the increasing competitiveness of other destinations, dictates the need for a proactive approach. AVA has undertaken exhaustive research to see what alternatives exist to move the industry forward.

Visitor-Oriented Taxes Studied

To develop a concept for discussion, AVA researched a number of funding alternatives. These included an analysis of revenue that could be generated from different versions of a statewide sales tax designed to target retail and service expenditures by visitors. Alaska faces a challenge in implementing many of these due to the state's relatively small number of businesses and state prohibition on some types of taxes. So long as the state constitution precludes dedication of funds, there is also no guarantee that money generated by tourism taxes would continue to be used for tourism promotion. Moreover, the lack of any statewide taxing mechanisms means a significant amount of revenue would be consumed in administering a new system.

Other Destinations Researched

Funding methods employed in other states were studied to see how each approach might work in Alaska. The most prevalent source for tourism promotion is state general funds, which were reported as the *sole* funding mechanism in 23 states. Of the remaining states, 17 have a dedicated portion of state lodging taxes, plus a variety of levies including: taxes on gross sales, admissions and amusements, car rentals, camping, recreation equipment rentals, lift tickets, tours and meals; membership fees; lottery funds; and highway and motor vehicle funds. Only a few states currently have a privately operating tourism office, including Colorado, Florida, and Virginia; several others are currently looking at this possibility. A few states, like Oregon and California, are in the process of trying to implement a levy on gross receipts, while Florida's privatized program raises funds through a surcharge on car rentals. In order to generate the funds necessary, assessments in Alaska would need to be substantially higher than other states due to the smaller number of businesses. In addition, most of these scenarios incorporate some form of dedicated funding to tourism marketing and most all include state general fund support, including those states that have privatized tourism marketing.

Tourism staff sizes in other states vary from 5 to 158 full-time employees, with an average of 37 (ATMC, DoT, and AVA combined have 23).

Industry Attitudes Surveyed

The AVA surveyed its members in July 1997 to gauge the opinions and attitudes toward various funding and organization scenarios. As a result of this survey, four general points of agreement were clear:

- Members strongly believe a statewide tourism marketing program is needed.
- Members strongly believe the state has a role to play in providing funds for tourism promotion.
- Members oppose additional taxes focused on the visitor industry for the purpose of funding general government.
- Two out of three members believe some sort of assessment or fee should be used to support tourism marketing, although there is no consensus about what specific option should be implemented.

Developing A Concept

After researching funding alternatives and studying the survey results, the AVA board of directors contacted convention & visitors bureaus, government officials, and other industry leaders for input and ideas. When all of this information was taken into account, an outline of what was desired emerged. A plan was designed to accomplish the following:

- Shift marketing efforts to a private entity that combines the activities of the Division of Tourism and Alaska Tourism Marketing Council
- Return Alaska's marketing efforts to a competitive position
- Reach a goal of \$10 million for marketing
- Utilize pay-to-play programs
- Increase private sector funding while state general funds decrease under a phased-in approach
- Increase participation from businesses

New Millennium Plan Takes Shape

This concept was first presented to 650 industry members during the October 1997 AVA convention. There was general consensus for the proposal as outlined, both during the meeting and in follow-up questionnaires. Convention & visitors bureaus, tourism associations, chambers of commerce, and other organizations arranged meetings to distribute and debate the proposal. The administration and members of the Legislature were briefed and the details of the proposal were published in AVA's newsletter and other print media statewide. A number of changes were made to the draft based on feedback.

In January 1998 a revised plan was mailed to 3,000 tourism businesses statewide in order for them to determine if the plan should be further developed for presentation to the Legislature. Eighty-five percent of respondents recommended moving forward with the plan.

Legislation to implement much of the plan was introduced in 1998 and was passed by both the House and Senate, but failed to reach a final concurrence vote. The industry continued to actively support the legislation, communicating support to their legislators and AVA. A transition team formed in July 1998 to begin working on the details of implementing the plan. The team presented proposed changes to the 1998 AVA convention delegation and, based on their feedback, revised the plan to this present form for increased industry distribution and comment throughout the fall/early winter of 1998/1999.

APPENDIX

APPENDIX

Cruise Line Memberships

<u>Company's Alaska passenger cruise days*</u>	x \$1.0 million in FY01
Total passenger cruise days* in Alaska market	x \$1.5 million in FY02
	x \$2.0 million in FY03

*A passenger cruise day is the number of available berths multiplied by the number of days deployed.

In 2003, a passenger-day fee would be established based on that year's formula. Subsequent years' assessments would be the established per-passenger fee multiplied by the company's number of cruise days in the market.

APPENDIX

Destination Marketing Organizations and Communities Memberships

Community's % of Visitor Expenditures	x \$.50 million in FY01
	x \$.75 million in FY02
	x \$1.25 million in FY03

In 2003, a funding goal would be established using a fixed percentage of total visitor expenditures (such as ¼ of 1 percent). Subsequent years' assessments would be the community's percentage of visitor expenditures multiplied by the fixed percentage amount. Thus, a community's contribution would be directly related to the economic benefit received. Those communities that do participate will not be expected to pay more to make up for communities that do not.

This formula would require more frequent visitor expenditure studies, including one at the outset to determine each community's relative ranking. While this is an additional expense, this research is needed by visitor industry businesses throughout the state. As a baseline reference, the most current research (1993-94) indicates visitor expenditures were distributed as follows, suggesting the estimated buy-in for years 2001, 2002, and 2003. *Please note that this is intended only as a rough guideline and new research would be needed to determine the actual amounts.*

Community	%	Estimated Contribution FY01	Estimated Contribution FY02	Estimated Contribution FY03
Anchorage	32%	\$160,000	\$240,000	\$400,000
Fairbanks	9%	45,000	67,500	112,500
Juneau	8%	40,000	60,000	100,000
Denali	6%	30,000	45,000	75,000
Ketchikan	5%	25,000	37,500	62,500
Skagway	5%	25,000	37,500	62,500
Kenai / Soldotna	3%	15,000	22,500	37,500
Sitka	2%	10,000	15,000	25,000
Homer	2%	10,000	15,000	25,000
Seward	2%	10,000	15,000	25,000
Valdez	2%	10,000	15,000	25,000
Other Communities*	24% combined			

*Individual community percentages not available, but each receives less than 2 percent of total visitor expenditures

P.O. Box 756
Homer, AK 9960

Re: HB 136 - opposed
SB 107 - opposed

3/29/99

Dear Senator Torgerson,

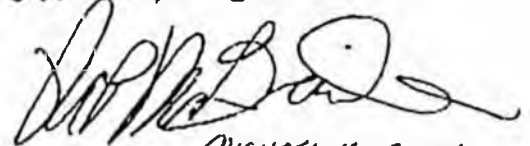
It is unfortunate that AVA (AK Visitors Assoc.) is attempting to take away any state role in tourism planning & marketing. We support the efforts of the Dept. of Commerce to maintain the role of the tourism division.

AVA is going to grab the power, and this is not in the best interest of Alaska's small businesses.

We support SB 350, and oppose HB 136, SB 107.
(from last year)

Thank you,

Diane McBride



MICHAEL MCBRIDE

SENATE FINANCE COMMITTEE

SIGN-IN

SB 107-ABOLISH TOURISM MARKETING COUNCIL

NAME: KEN DOLE Sub./Bill No: 107(LHC)
Co./Dept./Title: ALASKA VISITORS ASSOC Phone: 907-225-3461
Address: 220 North St, Kotzebue AK Zip: 99901

Do you wish to testify? Yes No Respond to Questions

NAME: Steve Behndt Sub./Bill No: 107 Doc
Co./Dept./Title: Alaska Wilderness Recreation Tourism Assoc Phone: 468-303A
Address: 522027, Juneau AK Zip: _____

Do you wish to testify? Yes No Respond to Questions

NAME: Ginny Fay Sub./Bill No: SB107
Co./Dept./Title: DCFB Phone: 2503
Address: SOB Zip: _____

Do you wish to testify? Yes No Respond to Questions

NAME: _____ Sub./Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond to Questions

SB

108

SFIN

FILE

SB 108

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee



SENATOR JERRY WARD

ALASKA STATE LEGISLATURE

SPONSOR STATEMENT SB 108 "PAROLEE PAY PROGRAM"

SB 108 requires the Department of Corrections to charge inmates under their supervision on probation or parole. In FY 97, adult probation and parole cost the state \$8.53 million. This legislation calls for each inmate on probation or parole to pay three dollars and thirty cents (\$3.30) per day to defer the cost of their supervision. With over 4600 inmates on probation or parole this legislation could generate over \$5.5 million dollars per year. The same program with juveniles on probation we would add an additional 1300 payees, generating \$1.5 million dollars per year, for a total of over \$7 million dollars.

This bill would allow for the garnishment of permanent fund dividend checks as a method of collecting probation and parole fees. The \$3.30 per day fee is roughly \$100 per month or approximately 45 minutes per day at minimum wage to reimburse the state for criminal supervision. For those who are able to pay and chose not to, this legislation calls for revocation of parole. Alaska's correctional professionals are not and should not be "collectors". That is why this legislation calls for a third party collection of probation and parole fees.

With correctional costs skyrocketing in recent years, the notion that offenders should contribute to their own supervision has gained widespread political and public support. Twenty three other states now charge fees for probation and parole. One example is Texas, which funds over half of its \$90.6 million dollar probation and parole program through fees. While the numbers of states charging fees is on the increase, the idea is not new. In 1846, Michigan enacted the first correctional fee law in the country. Unlike financial obligations imposed to inflict punishment (e.g., fines, restoration of victim's losses or other civil obligations), correctional fees are imposed to generate revenues for correctional programs.

The citizens of Alaska can not be asked to "foot the bill" for criminals while things like medical care for the elderly and education go under-funded. It is time that criminals literally pay their "debt to society".

January-May: STATE CAPITOL • JUNEAU, AK • 99801-1182 • (907) 465-4940 • FAX (907) 465-3766
ANCHORAGE: 716 W. 4th AVE. • STE. 450 • ANCHORAGE, AK 99501 • (907) 269-0106 • FAX (907) 269-0109
KENAI: 145 MAIN STREET LOOP • KENAI, AK • 99611 • (907) 283-7996 • FAX (907) 283-3075

Chairman, Senate Transportation Committee • Chairman, Senate State Affairs Committee
Senator_Jerry_Ward@legis.state.ak.us

SENATE FINANCE COMMITTEE

SIGN-IN

SB 108-PROBATION AND PAROLE FEES

NAME: ROBERT BUTTONE Subject/Bill No: _____

Co./Dept./Title: YOUTH CORRECTIONS - HSS Phone: 465-3228

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SB

110

HFIN

FILE

GARY WILKEN

SENATOR
Districts 29 & 30
West Fairbanks

Senate Standing Committees

Member: Finance
Member: Health, Education, &
Social Services (HESS)
Member: Legislative Budget & Audit
Member: State Affairs



During Session
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Juneau, Alaska 99801-1182
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Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714
Website: www.garywilken.com
E-Mail: Senator_Gary_Wilken@legis.state.ak.us

Interim
1851 Fox Ave
Fairbanks, Alaska 99701
Tel: (907) 451-5501
Fax: (907) 451-0438

House CS for CSSB 110 (JUD)

"An Act relating to liability for the release of hazardous substances involving certain property acquired by a governmental entity; relating to making a determination as to when hazardous substance has occurred; relating to liability of a party other than the party responsible for the initial release of a hazardous substance; and providing for an effective date."

Sponsor Statement

This bill will assist municipalities in performing their statutory duty to enforce liens for delinquent real property taxes. Tax foreclosure is a mandatory process leading to the taking of a tax deed that places the title to a tax delinquent property in the municipality's name. Some properties with delinquent taxes are contaminated. Municipalities are concerned that they may be held liable for pre-existing contamination of foreclosed land with significant environmental remediation costs.

The federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) exempts by definition state and local governments who acquire property through "bankruptcy, foreclosure, tax delinquency, abandonment, or similar means." However, the state law which addresses liability for damage caused by the release of hazardous substances, AS 46.03.822, does not precisely mirror the federal law. SB 110 will amend AS 46.03.822 to ensure that federal and state laws are similar in this respect. The municipality may therefore have title to the contaminated property without involuntary exposure to cleanup.

Changes in the Senate also recognized the need to extend this courtesy to innocent third parties, which are not directly responsible for contaminating the property they have acquired. Subsection (m) clarifies state law to say that a person who acquires a facility without knowledge of prior existing contamination is not liable under AS 46.03.822 so long as they follow due diligence steps to begin operations to contain and clean up the hazardous substance.



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907)588-1325, Fax (907)-483-5480

April 9, 1999

Senator Gary Wilken
State Capitol, Room 510
Juneau, Alaska 99801

Re: SB 110

Dear Senator Wilken:

The Alaska Municipal League supports passage of SB 110, "An act relating to liability involving certain property acquired by a governmental entity; and providing for an effective date."

This bill expands the technical definition of land acquired by a governmental entity to include land acquired by "**bankruptcy, foreclosure, tax delinquency, and abandonment**". It is consistent with Alaska Municipal League Policy Statement "Utilities and Environment" Section D.2. "Liability for Releases of Hazardous Substances".

While this is in large part a housekeeping bill to expand a definition to similar circumstances, it will be of significant protection to municipalities and taxpayers. Thank you for the opportunity to comment.

Sincerely,

Kevin Ritchie
Executive Director

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: May 14, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/14/99

The FINANCE Committee considered:

CSSB 110(RLS) am

CS FOR SENATE BILL NO. 110(RLS) am

HAZARDOUS SUBST. RELEASE: GOVT ENTITY

"An Act relating to liability for the release of hazardous substances involving certain property acquired by a governmental entity; relating to making a determination as to when a hazardous substance release has occurred; relating to liability of a party other than the party responsible for the initial release of a hazardous substance; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 110 (Jud) 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: _____ (Dep/Date)

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) DEC

^{Senate} zero fiscal note(s) DOT, 4/29/99

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	X			
<i>Con Bunde</i>	Bunde				✓
<i>Wim Kohring</i>	Kohring	X			
<i>Alan Austerman</i>	Austerman	X			
<i>Al James</i>	Davies	X			
<i>Walter Moses</i>	Moses	X			
<i>David Davis</i>	Davis	X			
<i>William Williams</i>	Williams	X			
<i>Ben Grussendorf</i>	Grussendorf			X	

CHAIR'S SIGNATURE

Gene Therriault
Therriault

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HCS CSSB 110 (JUD)

Revision Date/Time (Note if correction) _____	Dept. Affected <u>Environmental Conservation</u>
Title <u>"An Act relating to liability involving certain</u>	BRU <u>Spill Prevention and Response</u>
<u>property acquired by a governmental entity. . ."</u>	Component <u>Contaminated Sites Remediation</u>
Sponsor <u>Senator Wilken</u>	Program _____
Requester <u>House Judiciary Committee</u>	Component Serial No. <u>1431</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 110 is a clarification of existing statutes and does not have a fiscal impact on the state.

Prepared by <u>Larry Dietrick</u>	Phone <u>465-5250</u>
Division <u>Spill Prevention and Response</u>	Date/Time <u>5/12/99 2:00 PM</u>
Approved by <u>Commissioner Michele Brown</u>	Date <u>5/12/99</u>
Agency <u>Department of Environmental Conservation</u>	

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office



Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

February 24, 1999

Senator Gary Wilken
State Capitol
Juneau, Alaska 99801

Dear Senator ^{Gary} Wilken:

The Fairbanks North Star Borough appreciates your consideration of legislation amending AS 46.03.822 to extend liability protection to the Borough in its tax foreclosure process. Without this legislation we are concerned that we may be held liable for pre-existing contamination on foreclosed land with significant environmental remediation costs.

Payment of taxes is the obligation of every property owner, regardless of the condition of their property. If one group of property owners avoids the payment of taxes because of the condition of their property, and no action is taken to collect the taxes due, that "shortfall" is placed on the shoulders of the other taxpayers.

In the Fairbanks North Star Borough, there are fourteen properties with delinquent taxes that may be contaminated, with a total assessed value of almost \$1.5 million dollars. Their taxes, penalties and interest due total \$503,688.67. Up until this past year, three of these properties contained active, ongoing commercial businesses. Avoidance of their property taxes appeared to give them an unfair competitive edge over their competitors. The borough has been concerned about taking these properties through tax foreclosure because of the risk of liability for any existing contamination. With the additional protection that this bill will provide, the borough will be able to complete the foreclosure process.

Passage of this legislation will allow us to enforce our tax collection obligations uniformly throughout the borough.

Thank you for your support.

Sincerely,

Hank Hove, Mayor



KENAI PENINSULA BOROUGH

144 N. BINKLEY SOLDOTNA, ALASKA 99669-7599
BUSINESS (907) 262-4441 FAX (907) 262-1892

MIKE NAVARRE
MAYOR

May 6, 1999

Senator Gary Wilkens
FAX 465-4714

Re: CSSB 110 (RLS)

Dear Senator Wilkens:

The Kenai Peninsula Borough supports the Rules version of SB 110. This bill would save municipalities and taxpayers from incurring significant expenses and losing revenues associated with contaminated properties subject to tax foreclosure. It also would allow us to equally administer the statutory taxing authority among all our citizens.

Sincerely,

Mike Navarre
Mayor



MUNICIPALITY OF ANCHORAGE

MEMORANDUM

Real Estate Services

DATE: May 7, 1999

TO: Senator Wilkens

FROM: Gladys Wilson, Manager, Real Estate Services

A handwritten signature in cursive script, appearing to read "G. Wilson".

RE: SB 110: AN ACT RELATING TO LIABILITY INVOLVING CERTAIN PROPERTY ACQUIRED BY A GOVERNMENTAL ENTITY AND PROVIDING FOR AN EFFECTIVE DATE.

We support this legislation.

SB

111

SFIN

FILE

SB III

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

SENATE FINANCE
COMMITTEE

Amendment Number: 1

1-LS0658AD.1

Bill Number: SB 111

Cramer

Sponsor: Adams Date: 4/8/99

4/8/99

Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR ADAMS

TO: SB 111

1 Page 1, line 1:

2 Delete "Pioneers' Home"

3 Page 2, line 31, through page 3, line 1:

4 Delete all material and insert

5 "(W) housing receipts from

6 (i) Pioneers' Homes care and support payments

7 under AS 47.55.030; and

8 (ii) employee payments for housing;"

Employee Housing Receipts

FY96 act.	FY97act.	FY98 act.	FY99 auth.	FY2000 Gov.
-----------	----------	-----------	------------	-------------

Employee Housing Receipts

Fish & Game	\$97.7	\$100.0	\$113.9	\$109.3	\$109.3
<i>Rental payments made by employees at remote sites/hatcheries</i>					
Public Safety	\$219.5	\$225.2	\$226.0	\$225.0	\$225.0
<i>Rental payments made by Troopers serving in remote posts.</i>					
Transportation	\$167.3	\$167.3	\$167.3	\$167.3	\$167.3
<i>Rental payments made by employees at remote aviation/maintenance/construction sites.</i>					
total	\$484.5	\$492.5	\$507.2	\$501.6	\$501.6
FY to FY change		\$8.0	\$14.7	(\$5.60)	\$0.0

SENATE FINANCE COMMITTEE
1999 COMMITTEE ACTION

Bill Number:	SB 111
Amendment:	#1
Motion:	Adopt
<u>Motion by</u>	Adams
<u>Objection</u>	
<u>Objection by</u>	Torgerson
<u>Removed</u>	
<u>Second Objection by</u>	
<u>Committee Member</u>	<u>Vote</u>
Senator Randy Phillips	
Senator Dave Donley	
Senator Loren Leman	
Senator Al Adams	
Senator Gary Wilken	
Senator Pete Kelly	
Senator Lyda Green	
Co-Chair Sean Parnell	
Co-Chair John Torgerson	
<u>Tally</u>	
Yea	0
Nay	0
Absent	0
<u>MOTION</u>	W / drawn

4/23 Sen. Adams withdrew
 until later meeting

SENATE FINANCE
COMMITTEE # 2 1-LS0658D.5
Amendment Number: # 2
Bill Number: SB 111 Cramer
Sponsor: Phillips Date: 2/24/00 2/23/00
Logged In By: Mindy

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR PHILLIPS

TO: SB 111

1 Page 1, line 1:

2 Delete "Pioneers' Home"

3 Page 3, following line 1:

4 Insert a new subparagraph to read:

5 "(X) receipts collected under AS 41.21.026 by the

6 Department of Natural Resources for parks and recreational areas:"

**THE FOLLOWING DOCUMENT HAS NOT
BEEN FILMED BUT IS AVAILABLE IN THE
ORIGINAL FILE.**

Payment Assistance



**State of Alaska
Department of Administration
Division of Alaska Longevity Programs
Alaska Pioneers' Homes**

NOTE: The information contained herein applies only to residents who are unable to pay the full cost of care in a Pioneers' Home.

July, 1998

IMPORTANT NOTICE

The Alaska Statute and Alaska Administrative Codes referenced in this booklet are intended for general information purposes only. For any legal information please refer to an official pamphlet of the Alaska Statutes or the published register of the Alaska Administrative Code.

GARY WILKEN

SENATOR
Districts 29 & 30
West Fairbanks

Senate Standing Committees

Member: Finance
Member: Health, Education, &
Social Services (HESS)
Member: Legislative Budget & Audit
Member: State Affairs



During Session:
State Capitol Building
Juneau, Alaska 99801-1182
Tel: (907) 451-5501 (in Fbks area)
Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714
Website: www.garywilken.com
E-Mail: Senator_Gary_Wilken@legis.state.ak.us

Interim:
1851 Fox Ave.
Fairbanks, Alaska 99701
Tel: (907) 451-5501
Fax: (907) 451-0438

SPONSOR STATEMENT

Senate Bill 111 "Pioneers' Home Receipts"

Senate Bill 111 recognizes that Pioneers' Home receipts are collected from residents for rent and certain supplies used by the residents. This legislation changes the designation of these receipts from general fund to statutory designated program receipts.

In late 1995 the Pioneers' Homes Advisory Board recommended incremental increases in the rental rate schedule over seven years to recover the full cost of care by FY2003. The first rate increase went into effect July 1, 1996 and similar increases will occur annually until July 2002. Collections are based on the residents' ability to pay. Based on current projections, it is estimated that the fees will stabilize at approximately \$13.0 million.

SB 111 recognizes the direct correlation of fees paid by the Pioneers' Home residents to the program expenses. I urge passage of this legislation.

April 7, 1999

**Pioneers' Home System
Full Cost of Care Increases
(Proposed)**

Level of Care	Cost	Increase	1-Jul-96	1-Jul-97	1-Jul-98	1-Jul-99	1-Jul-00	1-Jul-01	1-Jul-02
Coordinated Services (CS)	\$2,129	\$200	\$934	\$1,140	\$1,340	\$1,540	\$1,740	\$1,940	\$2,140
Basic Assisted Living (BAL)	\$3,862	\$430	\$1,289	\$1,720	\$2,150	\$2,580	\$3,010	\$3,440	\$3,870
Enhanced Assisted Living (EAL)	\$5,079	\$590	\$1,553	\$2,140	\$2,730	\$3,320	\$3,910	\$4,500	\$5,090
ARD Services	\$5,262	\$615	\$1,579	\$2,200	\$2,815	\$3,430	\$4,045	\$4,660	\$5,275
Comprehensive Services (CC)	\$6,448	\$765	\$1,864	\$2,630	\$3,395	\$4,160	\$4,925	\$5,690	\$6,455

Prepared by the Department of Administration

**Alaska Pioneers' Homes
Rate History**

<u>Effective Date</u>	<u>Residential</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>
1954	\$150		\$195
July 1966	\$180		\$225
July 1976	\$225		\$275
October 1983	\$425		\$525
December 1989	\$525	\$630	\$800
February 1993	\$600	\$700	\$880
February 1994	\$665	\$780	\$975
February 1995	\$735	\$860	\$1,100

Prepared by the Department of Administration



Alaska Commission on Aging

Resolution 99-7

In support of SB 111: An act relating to Pioneer Home receipts

Whereas the number of Alaskans age 65+ is projected to reach 80,927 by 2015; and whereas the numbers of Alaskans age 85+ will double by that date, and

Whereas at this time the occurrence of Alzheimer's disease increases with age, and is experienced by some 50% of those who reach age 85+; and

Whereas Alaska is fortunate to have a statewide system of six Pioneer Homes that focus on meeting the needs of older Alaskans affected by such illnesses such as Alzheimer's Disease and other dementia; and

Whereas the average age of Pioneer Homes residents is now 86; and

Whereas increasing numbers of Alaskans now enter the Homes in the later stages of the particular illnesses affecting them, having used home and community-based care as long as was feasible; and

Whereas the trend in care needs of Pioneer Home residents now requires more intensive levels of staffing than the Homes have budget to accommodate; and

Whereas SB 111 enables the Pioneer Homes to retain in their budget the payments received from residents for rent, services, and supplies, thus enabling the Homes to reinvest those earnings to increase staffing and meet the increasing costs of operation,

Now therefore the Alaska Commission on Aging strongly encourages the Twenty-First Alaska Legislature to pass SB 111.

Adopted this 7th day of April, 1999.

A handwritten signature in cursive script that reads "Alaire E. Stanton".

Alaire Stanton
Chair

SENATE FINANCE COMMITTEE

SIGN-IN

SB 111-PIONEERS HOME RECEIPTS

NAME: Alison Elgee Subject/Bill No: SB 111
Co./Dept./Title: Dep. Comm Phone: 465-2200
Address: DOA Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SB

112

SFIN

FILE

SB 112

**was referred to the
Senate Finance
Committee**

Hearing(s) were held

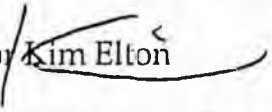
**The bill did not move
from Committee**

SENATOR KIM ELTON

MEMORANDUM

April, 29, 1999

TO: Senator John Torgerson, Co-chair
Senate Finance Committee

FROM: Senator  Kim Elton

RE: Waiving SB 112, the "Running Start" bill, from Senate Finance

I would like to request to have SB 112 waived from Senate Finance Committee. The bill has an indeterminate fiscal note and will have minimal, if any, impact on the state treasure.

SB 112 allows eligible 11th and 12th grade high school students to get dual credit for courses taken at a publicly funded Alaska college or vocational school. Tuition fees are paid by the student's home school district. Called the "Running Start" program, the bill offers significant new opportunities to students and their families. It is as valuable to students looking for advanced vocational and technical training as it is to students who want to get a "running start" on college. Under this program, a student could graduate from high school with up to two years of college credits transferable to any postsecondary institution in the country.

The Running Start program broadens student choices and makes available to all students similar opportunities which currently exist in some Alaska school districts. Fairbanks, Valdez, Juneau, Ketchikan, Kenai and Kodiak have agreements with their local college campuses to allow some courses to be taken for dual credit. These programs are very popular with students as well as teachers and administrators. SB 112 builds on those successes to widen academic opportunity for all Alaska students.

SB 112 requires a school district to pay either the cost of tuition to the postsecondary institution in which a Running Start student is enrolled, or a proportional amount of the student's foundation formula allotment, whichever is less. Since the University of Alaska charges less than \$100 per credit hour, and most program participants are expected to take between three and six credit hours, a school district can afford to pay the full cost of tuition without disrupting the school's finances.

ALASKA SENATE

STATE CAPITOL • JUNEAU, ALASKA 99801-1182 • (907) 465-4947 • FAX (907) 465-2108
SENATOR_KIM_ELTON@LEGIS.STATE.AK.US

The indeterminate fiscal note is attached because, although SB 112 was specifically constructed so that it did not require additional appropriations to either school districts or postsecondary institutions, the new exit exam requirement may serve to keep some students in high school longer. Those additional students (an indeterminate number) will create a demand for additional foundation formula dollars and, by extension, make additional students eligible for the "Running Start" program. **By itself, the program does not require any separate or additional appropriation.**

I have attached a sponsor statement and the fiscal note prepared by the Department of Education. I urge your consideration of this request for a waiver.

SENATOR KIM ELTON

CSSB 112 • The Running Start Education Program

Sponsor Statement

CSSB 112 establishes the "Running Start" program which offers high school students and their families new academic choices and opportunities. In this program, 11th and 12th grade high school students get dual credit for courses taken at a publicly funded Alaska college or vocational school. Tuition fees are paid by the student's home school district.

The Running Start program offers new challenges and choices to high school students. Students are drawn to this opportunity for several reasons. Some high school students are ready for advanced placement classes which may not be offered in their own high school. This includes both the traditional academic courses such as foreign language and mathematics, and vocational offerings such as diesel mechanics and computer technology. In addition, students who feel alienated from the high school arena may find new opportunities for success in a more academically focused setting.

The Running Start program ensures a more successful transition to college after high school graduation. Students who enter the job market directly after high school will find better job opportunities if they have completed advanced vocational training prior to high school graduation. For both kinds of students, the additional education and training is at no cost to their families. Program participants may graduate from high school with up to two years of completed college credits or vocational courses.

CSSB 112 is patterned on a program of the same name begun in the State of Washington in 1990. Initially a pilot project which went on to win acclaim on a statewide basis, the "Running Start" program allows 11th and 12th grade high school students to take college-level courses, tuition-free, at community and technical colleges in that state. Students receive dual credit at both the secondary and postsecondary level. Payment is provided to the postsecondary institutions by the school districts in which the students live.

More than 10,000 high school students in Washington participated in the Running Start program in the 1996-97 school year. By allowing them to earn high school and college credits simultaneously, the program reduced the amount of time they have to spend in college, and held down college costs for students and their families. Washington reports that taxpayers saved about

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SENATOR_KIM_ELTON@LEGIS.STATE.AK.US

\$18 million as a result of the program's operation in 1996-97, and that students saved \$9 million in college tuition costs. Best of all, reports also indicate Running Start students do better academically when they enter college after high school graduation.

In order to participate, students must possess a high school GPA of 2.75, and must apply to the colleges or vocational schools they wish to attend. Colleges in Washington have made an effort to balance the number of Running Start students with adult students in class, and prevent Running Start participants from displacing adults in class. The average credit load taken by the students was 10-11 credits per quarter, but many students took just one course per quarter with the balance of classes taken in high school.

CSSB 112 includes all the elements of the Washington program, including the provision in which colleges receive payment from the school districts in which the Running Start students reside, in proportion to the amount of college credits taken. CSSB 112 requires school districts to pay either the regular tuition fee, or a percentage of the per-student foundation formula in proportion to the number of hours of college instruction. SB 112 provides no reimbursement to a postsecondary institution for students who take a full load at their high school and attend postsecondary classes in addition.

Several Alaska school districts currently enjoy cooperative arrangements with the University of Alaska, similar to the Running Start program, which allow students to receive dual credit for college classes. In most of these districts, students must pay for those classes themselves, a circumstance which creates a barrier for students who cannot afford the fees. This legislation creates new opportunities for all Alaska students by removing those financial barriers.

SENATE FINANCE COMMITTEE

SIGN-IN

SB 112-POSTSECONDARY CLASS FOR HIGH SCHOOL

NAME: Eddy Jeans Subject/Bill No: SB112

Co./Dept./Title: DOE Phone: 8679

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 112-POSTSECONDARY CLASS FOR HIGH SCHOOL

NAME: Eddy Jeans Sub./Bill No: SB 112

Co./Dept./Title: JOE Phone: 8679

Address: _____ Zip: _____

Do you wish to testify? ___ Yes ___ No Respond to Questions

NAME: _____ Sub./Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___ Yes ___ No ___ Respond to Questions

NAME: _____ Sub./Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___ Yes ___ No ___ Respond to Questions

NAME: _____ Sub./Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___ Yes ___ No ___ Respond to Questions

SB

113

SFIN

FILE

SB 113

**was referred to the
Senate Finance
Committee**

Hearing(s) were held

**The bill did not move
from Committee**

CS FOR SENATE BILL NO. 113(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act making activities of the Alaska Housing Finance Corporation subject to
2 the Executive Budget Act, relating to appropriations to the Alaska Housing
3 Finance Corporation; relating to bonds and bond anticipation notes issued by the
4 Alaska Housing Finance Corporation; and providing for an effective date."

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

6 * Section 1. AS 18.55.140 is amended to read:

7 **Sec. 18.55.140. Issuance of bonds, notes, and refunding bonds.** The
8 corporation may issue bonds and notes from time to time [IN ITS DISCRETION] for
9 a purpose authorized by this chapter and may issue refunding bonds for the purpose
10 of paying or retiring bonds previously issued under this chapter. Except for
11 refunding bonds, the corporation may only issue bonds and bond anticipation
12 notes after the issuance has been approved by law.

13 * Sec. 2. AS 18.55.240 is amended to read:

14 **Sec. 18.55.240. Power of corporation to obtain federal aid and cooperation.**

1 The corporation may borrow, accept contributions, grants, or other financial assistance
2 from the federal government in aid of any housing or public building project and for
3 this purpose may comply with conditions and enter into the mortgages, trust
4 indentures, leases, or agreements that are necessary, convenient, or desirable in order
5 to obtain financial aid or cooperation from the federal government in the undertaking,
6 construction, maintenance, or operation of a housing or public building project
7 authorized by AS 18.55.100 - 18.55.290. Except for expenditures to pay the
8 principal of and interest on bonds, every expenditure of federal funds by the
9 corporation is subject to appropriation.

10 * Sec. 3. AS 18.55.370 is amended to read:

11 **Sec. 18.55.370. Use of money.** Money appropriated [OR MADE
12 AVAILABLE] under AS 18.55.300 - 18.55.470 may be used by the corporation to
13 make

14 (1) character loans, not exceeding \$500 for each dwelling, to residents
15 or cooperatives for the improvement, conversion, or construction of dwellings in
16 remote areas for occupancy by the residents or members of the cooperatives;

17 (2) loans for moderate-cost or rental housing facilities and projects to
18 public agencies, or private nonprofit or limited dividend corporations, or private
19 corporations or cooperatives organized under AS 10.15.005 - 10.15.600 that are
20 regulated or restricted by the corporation until the termination of all loan obligations
21 to it as to rents or sales, charges, capital structure, rate of return, and methods of
22 operation to the extent and in the manner that provides reasonable rentals to tenants
23 and a reasonable return on the investment; loans to cooperatives may be made for up
24 to 95 percent of the appraised value of the housing facility.

25 * Sec. 4. AS 18.55.520 is amended to read:

26 **Sec. 18.55.520. Powers of the corporation.** In addition to all powers
27 previously vested in or granted to the corporation by any other law, the corporation has
28 all the powers necessary or convenient to carry out and effectuate the purposes and
29 provisions of AS 18.55.480 - 18.55.960, including the following powers:

30 (1) to prepare or have prepared and to recommend redevelopment plans
31 to the governing body of any municipality within its area of operation and to undertake

1 and carry out redevelopment projects within its area of operation;

2 (2) to arrange or contract for the furnishing or repair, by any person or
3 agency, public or private, of services, privileges, works, streets, roads, public utilities,
4 or other facilities for or in connection with a redevelopment project; and
5 notwithstanding anything to the contrary contained in AS 18.55.480 - 18.55.960 or any
6 other provision of law, to agree to the conditions that it considers reasonable and
7 appropriate that are attached to federal financial assistance and imposed under
8 [PURSUANT TO] federal law relating to the determination of prevailing salaries or
9 wages or compliance with labor standards, in the undertaking or carrying out of a
10 redevelopment project, and to include a contract let in connection with a
11 redevelopment project, provisions to fulfill any of these conditions it considers
12 reasonable and appropriate;

13 (3) within its area of operation,

14 (A) to purchase, lease, obtain options upon, acquire by gift,
15 grant, bequest, devise, eminent domain, or otherwise, any real or personal
16 property or any interest in it, together with any improvements on it necessary
17 or incidental to a redevelopment project;

18 (B) to hold, improve, clear, or prepare for redevelopment the
19 property it obtains under (A) of this paragraph;

20 (C) to sell, lease, exchange, transfer, assign, subdivide, retain
21 for its own use, mortgage, pledge, hypothecate, or otherwise encumber or
22 dispose of any real or personal property or any interest in it;

23 (D) to enter into contracts with redevelopers of property
24 containing covenants, restrictions, and conditions regarding the use of the
25 property for residential, commercial, industrial, recreational purposes or for
26 public purposes in accordance with the redevelopment plan and other
27 covenants, restrictions, and conditions that the corporation considers necessary
28 to prevent a recurrence of slum or blighted areas or to effectuate the purposes
29 of AS 18.55.480 - 18.55.960;

30 (E) to make any covenant, restriction, or condition of the
31 foregoing contracts a covenant running with the land, and to provide

1 appropriate remedies for a breach of the covenant, restriction, or condition,
2 including the right in the corporation to terminate the contract and the interest
3 in the property created under the contract;

4 (F) to borrow money and issue bonds that have been approved
5 by law for issuance and provide security for loans or bonds;

6 (G) to insure or provide for the insurance of real or personal
7 property or operations of the corporation against risk or hazard, including the
8 power to pay premiums on this insurance;

9 (H) to enter into any contracts necessary to effectuate the
10 purposes of AS 18.55.480 - 18.55.960; however, statutory provisions with
11 respect to the acquisition, clearance, or disposition of property by another
12 public body do not restrict the corporation or the other public body in these
13 functions, unless the legislature has specifically so provided;

14 (4) to invest money held in reserves or sinking funds or any money not
15 required for immediate disbursement, in property or securities in which savings banks
16 may legally invest money subject to their control, and to redeem its bonds at the
17 redemption price established in the bonds or to purchase its bonds at less than
18 redemption price; and all bonds redeemed or purchased shall be cancelled;

19 (5) to borrow money and to apply for and accept advances, loans,
20 grants, contributions, and any other form of financial assistance from the federal
21 government, the state, municipality, or other public body or from any sources, public
22 or private, for the purposes of AS 18.55.480 - 18.55.960, to give the security required
23 and to enter into and carry out contracts in connection with the transaction;
24 notwithstanding the provisions of any other law, the corporation may include in a
25 contract for financial assistance with the federal government for a redevelopment
26 project those conditions imposed under [PURSUANT TO] federal law that the
27 corporation considers reasonable and appropriate and which are not inconsistent with
28 the purposes of AS 18.55.480 - 18.55.960;

29 (6) to act through a member or another person designated by the
30 corporation to conduct examinations and investigations and to hear testimony and take
31 proof under oath at public or private hearings on any matter material for its

1 information; to administer oaths, and to issue commissions for the examination of
2 witnesses who are outside the state or unable to attend before the corporation, or
3 excused from attendance; to make available to appropriate agencies or public officials,
4 including those charged with the duty of abating or requiring the correction of
5 nuisances or like conditions or of demolishing unsafe or unsanitary structures or
6 eliminating slums or conditions of blight within its area of operation, its findings and
7 recommendations with regard to any building or property where conditions exist that
8 are dangerous to the public health, safety, morals, and welfare;

9 (7) within its area of operation, to make or have made all surveys,
10 appraisals, studies, and plans necessary to carry out the purposes of AS 18.55.480 -
11 18.55.960 and to contract or cooperate with persons or agencies, public or private, in
12 the making and carrying out of the surveys, appraisals, studies, and plans;

13 (8) to prepare plans and provide reasonable assistance for the relocation
14 of families displaced from a redevelopment project area to the extent essential for
15 acquiring possession of and clearing the area or parts of the area to permit the carrying
16 out of the redevelopment project;

17 (9) to make expenditures that are necessary to carry out the purposes
18 of AS 18.55.480 - 18.55.960, and, subject to appropriation, to make expenditures
19 from money obtained from the federal government and the state, except that
20 expenditures to pay the principal of and interest on bonds are not subject to
21 appropriation [WITHOUT REGARD TO ANY OTHER LAWS PERTAINING TO
22 THE MAKING AND APPROVAL OF APPROPRIATIONS AND EXPENDITURES];

23 (10) to exercise all or any part or combination of powers granted by
24 this section;

25 (11) with the approval of the local governing body,

26 (A) before approval of an urban renewal or redevelopment plan,
27 or approval of any modifications of the plan to acquire real property in an
28 urban renewal or redevelopment area, to demolish and remove any structures
29 on the property [,] and pay all costs related to the acquisition, demolition, or
30 removal, including any administrative or relocation expenses; and

31 (B) to assume the responsibility to bear any loss that may arise

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as the result of the exercise of its powers under this paragraph in the event that the real property is not made part of the urban renewal or redevelopment project;

(12) to prepare or have prepared and to recommend neighborhood development plans to the governing body of any municipality within its area of operation and to undertake and carry out neighborhood development projects within its area of operation.

* Sec. 5. AS 18.55.570(a) is amended to read:

(a) The corporation may

(1) issue bonds that have been approved for issuance by law and notes [FROM TIME TO TIME] for any of the purposes of AS 18.55.400 - 18.55.960, including the payment of principal and interest upon advances for surveys and plans for redevelopment projects;

(2) issue refunding bonds ^{deleted language} for the purpose of the ~~payment~~ or retirement or in exchange for bonds previously issued by it;

(3) issue the types of bonds and notes it determines, including bonds and notes on which the principal and interest are payable

(A) exclusively from the income, proceeds, and revenues of the redevelopment project financed with the proceeds of the bonds or notes; or

(B) exclusively from the income, proceeds, and revenue of any of its redevelopment projects whether or not they are financed in whole or in part with the proceeds of the bonds or notes; and

(4) further secure the bonds or notes authorized by (1) - (3) of this subsection by a pledge of all or any part of a loan, grant, or contribution from the federal government or from another source, or by a mortgage of a redevelopment project of the corporation.

* Sec. 6. AS 18.55.700(a) is amended to read:

(a) The corporation has all the powers necessary or convenient to undertake and carry out urban renewal plans and urban renewal projects, including the power to acquire and dispose of property, to issue bonds ^{deleted language} and other obligations, to borrow and accept grants from the federal government or other source, ^Y and to exercise the other

deleted language

1 powers granted to it by AS 18.55.480 - 18.55.960 with respect to redevelopment
2 projects. However, except for refunding bonds, the corporation may only issue
3 bonds that have been approved for issuance by law and, except for expenditures
4 to pay the principal of and interest on bonds, the corporation may spend money
5 from federal or other sources only in accordance with an appropriation.

6 * Sec. 7. AS 18.55.998(a) is amended to read:

7 (a) There is created in the Alaska Housing Finance Corporation a supplemental
8 housing development grant fund. Using corporate earnings or other available funds,
9 in accordance with an appropriation for the purpose, the corporation shall make
10 grants to regional housing authorities established under AS 18.55.996 for the cost of
11 on-site sewer and water facilities, road construction to project sites, energy efficient
12 design features in homes, and extension of electrical distribution facilities to individual
13 residences.

14 * Sec. 8. AS 18.56.082 is amended to read:

15 **Sec. 18.56.082. Alaska housing finance revolving fund.** The Alaska housing
16 finance revolving fund is established in the corporation. The [REVOLVING] fund
17 consists of appropriations made to it. Income of the fund and [THE REVOLVING
18 FUND BY THE LEGISLATURE,] money or other assets received [TRANSFERRED
19 TO THE REVOLVING FUND] by the corporation, including [AND] unrestricted
20 repayments of principal on loans made or purchased by the corporation, shall be
21 separately accounted for and may be appropriated to the fund. Amounts deposited
22 in the [REVOLVING] fund shall be expended for the purposes of the corporation, set
23 out in this chapter.

24 * Sec. 9. AS 18.56.084 is amended to read:

25 **Sec. 18.56.084. International borrowing.** For the purpose of obtaining access
26 to international capital markets to borrow money for the special mortgage loan
27 purchase program under AS 18.56.098, as an addition to the powers of the corporation
28 under AS 18.56.090, the corporation may (1) establish, or cause to be established,
29 subsidiary corporations incorporated in the state or in another state, or under the laws
30 of a foreign jurisdiction; (2) invest in corporations established under this section; (3)
31 issue refunding bonds, issue other bonds that have been approved for issuance by

1 law, and borrow money for investments in corporations established under this section;
2 (4) borrow from corporations established under this section; (5) guarantee the
3 obligations of corporations established under this section; or (6) enter into agreements
4 with corporations established under this section or with other persons. In exercising a
5 power under this section, the corporation may not subject its assets to risk of loss
6 through foreign currency exchange. A guarantee under this section constitutes a bond
7 of the corporation as defined in AS 18.56.390.

8 * **Sec. 10.** AS 18.56.089(a) is amended to read:

9 (a) The provisions of AS 37.07 (Executive Budget Act)

10 [(1)] apply to

11 [(A)] the operating budget of the corporation and to all
12 activities of the corporation under AS 18.55 and this chapter, except for
13 expenditures to pay the principal of and interest on bonds [;

14 (B) AMOUNTS PAYABLE FROM CORPORATE EARNINGS
15 OR ASSETS OF THE CORPORATION FOR GRANTS OR GRANT
16 PROGRAMS AUTHORIZED BY THIS CHAPTER;

17 (C) INTEREST RATE SUBSIDIES AND BUILDING
18 SUBSIDIES AS DETERMINED BY THE CORPORATION;

19 (D) THE AMOUNT AND SOURCE OR SOURCES OF THE
20 TOTAL ANNUAL APPROPRIATION FOR THE CORPORATION'S LOAN
21 PROGRAMS FOR WHICH A SUBSIDY IS NOT PROVIDED, BUT THE
22 PROVISIONS OF AS 37.07 ARE NOT OTHERWISE APPLICABLE TO
23 THAT APPROPRIATION;

24 (E) THE AMOUNT AND SOURCE OR SOURCES OF THE
25 TOTAL ANNUAL APPROPRIATION FOR THE CORPORATION'S MULTI-
26 FAMILY HOUSING LOANS AND THE CORPORATION'S HOUSING
27 PROGRAMS AND HOUSING PROJECTS IF A SUBSIDY IS PROVIDED
28 FROM THE CORPORATION'S ARBITRAGE EARNINGS FOR THE
29 LOANS, PROGRAMS, OR PROJECTS, BUT THE PROVISIONS OF
30 AS 37.07 ARE NOT OTHERWISE APPLICABLE TO THAT
31 APPROPRIATION; AND

1 (F) EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED
2 IN (2) OF THIS SUBSECTION, THE ACTIVITIES OF THE CORPORATION
3 UNDER AS 18.55 AND THE ACTIVITIES OF THE CORPORATION
4 UNDER THIS CHAPTER;

5 (2) DO NOT APPLY TO ACTIVITIES OF THE CORPORATION
6 UNDER AS 18.55 AND THIS CHAPTER THAT

7 (A) RELATE TO THE CORPORATION'S BORROWING OF
8 MONEY AS PROVIDED IN THIS CHAPTER TO MAKE OR PURCHASE
9 MORTGAGE LOANS, INCLUDING THE ISSUING OF ITS OBLIGATIONS
10 OR EVIDENCE OF THAT BORROWING AND THE REPAYMENT OF THE
11 DEBT OBLIGATION;

12 (B) RELATE TO THE CORPORATION'S ABILITY TO
13 REFINANCE EXISTING MORTGAGE LOANS IN ORDER TO ACHIEVE
14 A LOWER INTEREST RATE; OR

15 (C) ARE DIRECTLY ATTRIBUTABLE TO THE SERVICING
16 OF MORTGAGE LOANS, INCLUDING REAL ESTATE ACQUIRED BY
17 THE CORPORATION AS A RESULT OF FORECLOSURE].

18 * Sec. 11. AS 18.56.110(a) is amended to read:

19 (a) The corporation, by resolution, may issue bonds and bond anticipation
20 notes after the issuance has been approved by law in order to provide funds to carry
21 out and effectuate its purposes.

22 * Sec. 12. AS 18.56.430(a) is amended to read:

23 (a) There is created in the corporation the home ownership assistance fund
24 consisting of money appropriated to it by the legislature and deposited in it by the
25 corporation. Subject to appropriation, money [MONEY] in the fund shall be used
26 solely to assist persons of lower and moderate income to purchase or construct single-
27 family homes financed under AS 18.56.400 - 18.56.600 by providing a subsidy to
28 those persons.

29 * Sec. 13. AS 18.56.710(a) is amended to read:

30 (a) The senior housing revolving fund is established. The revolving fund
31 consists of appropriations made to it by the legislature, the proceeds of bonds sold

1 under AS 18.56.790, repayments of principal and interest on loans made or purchased
2 from assets of the fund, and money or other assets transferred to the revolving fund
3 by the corporation. Subject to appropriation, the [THE] corporation may

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

6 (2) use amounts deposited in the fund for making, purchasing, or
7 participating in

8 (A) senior housing mortgage loans;

9 (B) loans made for building materials for senior housing;

10 (C) loans made for renovation or improvement of or for senior
11 housing, including loans for renovation or improvement of congregate or
12 individual residences; and

13 (D) loans made for the construction of senior housing.

14 * **Sec. 14.** AS 18.56.790(a) is amended to read:

15 (a) Under the procedures of this chapter, the corporation may issue bonds in
16 a total amount not exceeding \$30,000,000 to fund senior housing loans made under
17 AS 18.56.700 - 18.56.799. Each separate bond issue under this subsection is
18 subject to approval by law.

19 * **Sec. 15.** This Act takes effect July 1, 1999.

SENATE FINANCE
COMMITTEE

Adopt

Amendment Number: 1

1-LS0640\D.1

Bill Number: SB 113

Cook

Sponsor: Tom Wilson Date: 4/19/99

4/7/99

Logged In By: Mindy

A M E N D M E N T

OFFERED IN THE SENATE

TO: SB 113

1 Page 1, lines 10 and 11:

2 Delete "However, the corporation may only issue bonds, refunding bonds,"

3 Insert "Except for refunding bonds, the corporation may only issue bonds"

4 Page 2, line 7:

5 Delete "Every"

6 Insert "Except for expenditures to pay the principal of and interest on bonds,

7 every"

8 Page 5, line 18:

9 Delete "state [,"

10 Insert "state, except that expenditures to pay the principal of and interest on

11 bonds are not subject to appropriation ["

12 Page 6, lines 12 and 13:

13 Delete "that have been approved for issuance by law"

14 Page 6, lines 29 and 30:

15 Delete "that have been approved for issuance by law"

16 Page 6, line 31, through page 7, line 1:

17 Delete "and, subject to appropriation, make expenditure from federal funds."

18 Page 7, line 2, following "projects."

19 Insert "However, except for refunding bonds, the corporation may only issue

1 bonds that have been approved for issuance by law, and, except for expenditures to pay
2 the principal of and interest on bonds, the corporation may spend money from federal
3 or other sources only in accordance with an appropriation."

4 Page 7, line 28:

5 Delete "bonds that have been approved for issuance by law"

6 Insert "refunding bonds, issue other bonds that have been approved for issuance
7 by law."

8 Page 8, line 9, following "chapter":

9 Insert ", except for expenditures to pay the principal of and interest on bonds"

SENATE FINANCE COMMITTEE
1999 COMMITTEE ACTION

Bill Number	113
Amendment	#1
Motion	Adopt
<u>Motion by</u>	Parnell
<u>Objection</u>	
<u>Objection by</u>	Adams
<u>Removed</u>	
<u>Second Objection by</u>	
<u>Committee Member</u>	<u>Vote</u>
Senator Loren Leman	Y
Senator Al Adams	N
Senator Gary Wilken	N
Senator Pete Kelly	N
Senator Lyda Green	N
Senator Randy Phillips	Y
Senator Dave Donley	Y
Co-Chair Sean Parnell	Y
Co-Chair John Torgerson	Y
<u>Tally</u>	
Yea	0 6
Nay	0 1
Absent	0
<u>MOTION</u>	Pass

LEGAL SERVICES**DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 31, 1999

SUBJECT: Alaska Housing Finance Corporation; sectional summary (SB 113)

TO: Senator Sean Parnell, Co-Chair
Senator John Torgerson, Co-Chair
Senate Finance Committee

FROM: Tamara Brandt Cook
Director

Sec. 1. Prohibits the Alaska Housing Finance Corporation (AHFC) from issuing bonds, refunding bonds, and bond anticipation notes unless the issuance has been approved by law.

Sec. 2. Makes every expenditure of federal funds by AHFC subject to appropriation.

Sec. 3. Conforming change limiting money AHFC may use money that has been appropriated.

Sec. 4. Conforming change to incorporate the requirement that bond issues be approved by law and that expenditures are subject to appropriation.

Sec. 5. Conforms language to change made in Sec. 1.

Sec. 6. Conforms language to change made in Secs. 1 and 2.

Sec. 7. Adds the appropriation requirement to use of AHFC funds in connection with the supplemental housing development grant fund.

Sec. 8. Requires money or assets received by AHFC to be separately accounted for and that these may be appropriated to the Alaska housing finance revolving fund. Under existing law, receipts are added to the fund automatically.

Sec. 9. Conforms language to change made in sec. 1 with respect to the requirement that bond issues are subject to approval by law.

Sec. 10. Makes all activities of AHFC subject to the executive budget act. Existing law limits application of the executive budget act to the AHFC operating budget and certain, but not all, other activities.

Sec. 11. Conforms language to the change made in sec. 1.

Senator Sean Parnell
Senator John Torgerson
March 31, 1999
Page 2

Sec. 12. Makes expenditures from the home ownership assistance fund subject to appropriation. Under existing law, the fund consists of money appropriated to it and money deposited into by AHFC, without an appropriation.

Sec. 13. Makes expenditures from the senior housing revolving fund subject to appropriation. This fund also consists of money appropriated to it and assets transferred to it by AHFC.

Sec. 14. Conforms language to change made in sec. 1, making each bond issue subject to approval by law.

Sec. 15. A July 1 effective date is provided.

TBC:lmb
99-051.lmi



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the SENATE FINANCE
 Committee on SB 113 Committee Name
 Dated 5/11/94
 Bill / Subject

I AM TESTIFYING AGAINST THIS, A TECHNOLOGY
 AS I CAN. THIS IS AN UNNECESSARY CONSERVATION
 GRAB BILL, WHICH AS FAR AS THE INTERIOR
 HOMEBUILDERS IS CONCERNED, SHOULD NOT
 PASS AND IS UNWORTHY OF CONSIDERATION.
 THE BILL CHANGES ALL INVOLVE MORE GOVERN-
 MENT, LEGISLATIVE HAND TYING OF AHEAD,
 AND COULD EASILY CAUSE THE CREATION
 TO BECOME HINDERED AND DYSFUNCTIONAL.
 PLEASE DO NOT PASS THIS BILL. IT
 SMACKS OF PUNISHMENT OF AN ORGANIZATION
 WHICH IS DOING A GOOD JOB AND
 YIELD 100 MILLION A YEAR TO THE STATE
 IN REVENUE.

SIGNED: Richard D. Siefert
 Testifier
INTERIOR HOMEBUILDERS ASSOC.
ALASKA BUILDING SCIENCE NETWORK
 Representing
PO BOX 10012, FAIRBANKS, AK
 Address / Phone Number

ASSOCIATION OF ALASKA HOUSING AUTHORITIES

4300 Boniface Parkway • Anchorage, AK 99504

Phone (907) 338-3970 • Fax (907) 338-4904

e-mail: aaha@alaska.net Home Page: <http://www.alaska.net/~aaha>

APR 19 1999

*Alaska Housing
Finance Corporation*

April 13, 1999

*Aleutian
Housing Authority*

Senator Sean Parnell

Senator John Torgerson

*Association of Village
Council Presidents Regional
Housing Authority*

Co-Chairs, Alaska Senate Finance Committee

State Capitol (MS 3100)

Juneau, AK 99801-1182

*Baranof Island
Housing Authority*

*Bering Straits Regional
Housing Authority*

Re: SB 113

*Bristol Bay
Housing Authority*

Dear Senator Parnell and Senator Torgerson,

*Cook Inlet
Housing Authority*

The Association of Alaska Housing Authorities (AAHA), representing Alaska's fourteen Regional Housing Authorities, wishes to express its very serious concerns over SB 113, "An Act making activities of the Alaska Housing Finance Corporation subject to the Executive Budget Act, relating to appropriations to the Alaska Housing Finance Corporation; relating to bonds and bond anticipation notes issued by the Alaska Housing Finance Corporation; and providing for an effective date".

*Copper River Basin
Regional Housing Authority*

*Interior Regional
Housing Authority*

*Kodiak Island
Housing Authority*

SB 113 may likely have disastrous consequences, although perhaps unintended, for Alaska's Regional Housing Authorities. Sections 1 and 2 of the bill amend portions of AS 18.55 which define the duties and responsibilities of the Housing Authorities. Section 1, which amends and restricts the powers to issue bonds may impact the effective implementation of Title VI of the federal Native American Housing Assistance and Self-Determination Act of 1996, (NAHASDA, P.L. 104-330). Title VI provides federal guarantees for debt instruments which leverage federal funds coming to Alaska to provide affordable housing activities, targeted on behalf of low-income Native families. For FY99, the guarantees could apply to as much as \$515 million in housing assistance. The restrictions included in Section 1 of SB 113 are contrary to our traditional relationship with the State of Alaska and provide for no apparent benefit. It is clear to us that the enactment of this section could eliminate this important financing tool for Alaska.

*Metlakatla
Housing Authority*

*North Pacific Rim
Housing Authority*

*Northwest Inupiat
Housing Authority*

*Tagiugmiullu
Nunainullu (TNHA)*

*Tlingli-Haida Regional
Housing Authority*

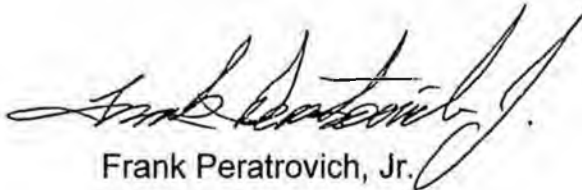
Section 2 of SB 113, which amends and restricts the powers of the Regional Housing Authorities to obtain federal aid, places at risk our relationship with the U.S. Department of Housing and Urban Development (HUD) and threatens the effective

and efficient use of between \$76 - \$103 million of grant funds for affordable housing activities each year. While the effect of Sections 1 and 2 on the Regional Housing Authorities may be unintended, none of the provisions of SB 113 are helpful. Quite the contrary, this bill seriously threatens beneficial housing programs throughout Alaska.

As a member of our Association as well as a critical partner in the development of decent, safe, sanitary and affordable housing for families throughout Alaska, AHFC has established and maintains a well-deserved reputation for stability, competence, and innovation. In many ways, AHFC's support and service on behalf of public and Native housing programs is unique in the country and the envy of other regions in the lower '48. SB 113 undermines this highly desirable position while providing no benefit or improvement to the Alaskan families we mutually serve. AAHA stands in support of AHFC's strong opposition to this legislation and urges you to take no further action on the bill.

If you have any questions about our position on this matter, please contact our Executive Director, Bruce Kovarik, at 1-907-338-3970.

Sincerely,



Frank Peratrovich, Jr.
President

Pc: Jewel Jones, Chair, AHFC Board of Directors
Governor Tony Knowles
Jacqueline Johnson, Deputy Assistant Secretary, U.S. Department of
Housing and Urban Development
Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young



OLDER PERSONS ACTION GROUP, Inc.

525 E. 3rd. Ave., #300
Anchorage, AK 99501-2606
(907) 276-1059 (Toll free 800-478-1059)
FAX (907) 278-6724

April 8, 1999

APR 19 1999

Senator John Torgerson, Co- Chair
Senate Finance Committee
Alaska State Legislature
Juneau, AK 99801-1182

Dear Senator Torgerson:

The purpose of this letter is to state Older Persons Action Group's response to **SB 113**, *An act making activities of the Alaska Housing Finance Corporation subject to the Executive Budget Act, relating to appropriations to the Alaska Housing Finance Corporation: relating to bonds and bond anticipation notes issued by the Alaska Finance Corporation; and providing for an effective date.*

Older Persons Action Group has watched the activities of the AHFC over the years and observed it to be a very vital resource to Alaskans, statewide. We are in a quandary about the reasoning behind this bill and wonder why this type of legislation is necessary at this time. It appears to us that the Corporation and its structure and process are working well now, and we are seriously concerned regarding the ramifications of this bill.

Older Persons Action Group trusts that an assessment is being undertaken regarding the impact this bill could have on older Alaskans and others with specialized housing needs, as well as the impact on the State, in general.

Thank you for your attention to this matter.

Sincerely,
OPAG

William R. Lester
President

APR 26 1999

Senator John Torgerson
Senate Finance Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Subject SB 113/Alaska Housing Finance Corporation

Dear Senator Torgerson,

AHFC with its strong bond rating has become a tremendous source of highly beneficial financing means for many Alaskans. The corporation's pro-active approach in providing housing to low income families in urban and rural areas has been of far reaching positive economic consequences. Not only the immediate lending industry is affected, but also many peripheral industries like all facets of construction and home improvement, title companies, all segments of providers of services to home owners. This translates into many jobs being potentially affected by an adverse change to AHFC's freedom of operation.

You may not be aware about the housing needs in rural Alaska and the tremendous positive effect AHFC has had on the development of decent safe and sanitary housing stock in the rural areas. Under present operation conditions AHFC is able to make new construction and renovation of existing housing stock affordable to many Alaskans.

Providing attractive financing tools encourages the development of new housing and the renovation of existing housing. Housing is such a basic yet integral component of a healthy economy that we should focus on ways to improve current mechanism rather than the potential elimination of a good working system.

Please reconsider voting yes on SB113.

Sincerely

Christy Burgess

National Bank of Alaska

APR 23 1999

Mortgage Loan Department
P.O. Box 107025
1500 W. Benson Blvd., 4th Floor
Anchorage, AK 99510-7025
Phone (907) 257-3434 / Fax 257-3412

Senator John Torgerson
Senate Finance Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1132

Subject SB 113/Alaska Housing Finance Corporation

Dear Senator Torgerson,

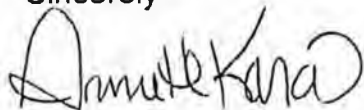
AHFC with its strong bond rating has become a tremendous source of highly beneficial financing means for many Alaskans. The corporations pro-active approach in providing housing to low income families in urban and rural areas has been of far reaching positive economic consequences. Not only the immediate lending industry is affected, but also many peripheral industries like all facets of construction and home improvement, title companies, all segments of providers of services to home owners. This translates into many jobs being potentially affected by an adverse change to AHFC's freedom of operation.

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Please reconsider voting yes on SB113.

Sincerely



Annette Kara
Mortgage Loan Originator
National Bank of Alaska



Senator John Torgerson
Senate Finance Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

APR 26 1999

Subject: SB 113/Alaska Housing Finance Corporation

Dear Senator Torgerson,

AHFC with its strong bond rating has become a tremendous source of highly beneficial financing means for many Alaskans. The corporation's pro-active approach in providing housing to low income families in urban and rural areas has been of far reaching positive economic consequences. Not only the immediate lending industry is affected, but also many peripheral industries like all facets of construction and home improvement, title companies, all segments of providers of services to home owners. This translates into many jobs being potentially affected by an adverse change to AHFC's freedom of operation.

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Providing attractive financing tools encourages the development of new housing and the renovation of existing housing. Housing is such a basic yet integral component of a healthy economy that we should focus on ways to improve current mechanism rather than the potential elimination of a good working system.

Please reconsider your vote on SB113.

Sincerely



Fred Brenner

National Bank of Alaska



April 3, 1999

Corporate Headquarters
P.O. Box 100600
Anchorage, AK 99510-0600
Phone (907) 522 8888

Senator John Torgerson
Senate Finance Committee
Room 515
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Subject: SB113/Alaska Housing Finance

Dear Senator Torgerson,

I previously wrote a short letter to you on our concern of SB113. I don't believe we have ever met so to give you a little background I have been in banking for over 30 years in Alaska and specialize in project development, commercial real estate, construction, and multi-family housing development. I have traveled extensively throughout our State. I am also a board member of the Federal Home Loan Bank of Seattle(\$36 billion in assets) which deals in housing throughout the Northwest. I sit on the Housing Committee and Indian Housing Subcommittee of this organization. My views are consistent with those of management of NBA.

I have been personally involved with AHFC for many years and have attended many board meetings. I recently participated in the development of a multi-family housing program to meet the financing needs throughout the State. Previously, their existed only loan programs for rural and special needs housing. This program was an extremely important development as their existed no consistent multi-family housing loan funds for the State. NONE! As a result their were no funds for construction, remodeling, acquisition, and no healthy market for these properties. Their was no motivation to maintain or improve properties because their was no way to sell them and get your investment out. Freddie Mac and Fannie Mae, who are the largest financiers of multi-family properties will not underwrite in this State for three primary reasons: they took losses in the 80's, their is no other financing sources(no market), and the quality of the housing stock is substandard in their eyes. AHFC has made a major change in this situation to the benefit of renters, owners, and municipal taxing authorities. I believe a sound AHFC will facilitate the improvement of the rental housing stock and the quality of life of those who reside in those units.

The situation for single family housing is a little different, but not much. I would estimate that NBA services close to 50% of the home loans in the State in the amount of \$2.55 billion. Of that 48% is AHFC, 23% is Fannie Mae, 1% Freddie Mac, 22% GNMA (HUD insured), and 6% misc. If AHFC is unable to participate effectively in the future it is **unlikely we will be able to meet the housing needs of the people of Alaska**. Furthermore, I would suspect that many of the smaller originators of loans would get out of the business so that there will be less providers of mortgage services in the State. It should be obvious with the retreat of Bank of America from the State that we are not considered a premium market to provide financial services. Also, others are leaving too such as General Electric Finance just closed their doors. The remaining financial institutions do not have the ability to provide long term mortgages at the rates or terms that AHFC has been able to pass on due to its financial strength and reputation in the financial markets. The only way we can provide home mortgages is to attract capital from outside the State and like the multi-family industry, they will not come if they do not see stable market conditions.

It seems that every year AHFC comes under an attack from the legislature. We thought that the dividend program would put that behind us. Taking \$100 million per year (100% of income) seems substantial and at some point would balance the equity requirements. If AHFC's profits increase you could adjust the dividend, however, it is not bad that AHFC makes money. We do not consider them a competitor, but a partner in developing sound housing. We have a long way to go to bring our housing standards to those in other parts of the country. Frankly, we believe that AHFC should run as an independent agency and focus on its housing mission. We are disturbed that it is being saddled with bond issues for office buildings, maintenance of government buildings, etc. If the State wants to do those things they should use the dividends or go to the bond market itself. The problem is, now that someone opened the door others think that it is available for any old political project. Fannie Mae, Freddie Mac, and the Federal Home Loan Bank are all GSA's (government service agencies) that provide housing finance programs. Congress monitors us for compliance with our **mission** and other auditing standards. I haven't heard anyone say to cut back on housing opportunities for Americans or to take capital out of these organizations to pay for general government operations.

As for the bill itself, it will be devastating. As written it is unlikely they will be able to issue any bonds. Certainly they will not be able to operate effectively. Federal HOME funds will cease, and likely the real estate industry will go into a tail spin like it did in the middle 1980's. We think it would have a larger effect on business than the merger of Arco and BP or for that matter the merging of Carrs and Safeway. Housing has the largest multiplier effect of any industry. For instance, when we financed the senior housing project in Nome last year, the contractor and architect came from Juneau, most of the supplies were purchased from Alaskan businesses, all of the workers were Alaskan, and barge and airline


businesses were used. To emphasize the complexity of developing rental housing in much of Alaska this project required the combined loan and grant efforts of the Federal Home Loan Bank of Seattle, the Rural Economic Development of the Department of Agriculture, HOME funds, Senior funds from the State, federal tax credits, AHFC and the NBA

As to the comment that the bill is the result of the Commonwealth North study, I have read the report and not find any suggestion that this type of legislation occur. We have talked to the co-chair who was dismayed by this suggestion and other committee members in no way contemplated something like SB 113.

As to the effect on your district I suspect this legislation will have more of an impact than Anchorage. Anchorage will attract institutional investors at some point but it is very difficult to get lenders such as Fannie Mae to lend in Seward, Kasilof, Soldatna, or Homer. Let alone, provide first time home buyer, low income, multi-family, special needs, or conventional mortgages. It wasn't too many years ago that we relied on Farmers Home and its budget fluctuates.

In summary, we think this bill could have catastrophic economic effects on our State. Providing this kind of pain to the public is not necessary. Especially, considering the other confidence shaking economic events that are underway. Please feel free to call me at 265-2991 at any time.

Sincerely yours,


Jan Siebert
Senior Vice Presidr.nt

IHH Industries, Inc.

2450 Industrial Blvd. No. C. Juneau, Alaska 99801, 907-790-6520 tel, 907-790-6500 fax

April 6, 1999

Senator John Torgerson
State Capitol
Juneau, AK 99801-1152

Dear Senator Torgerson:

I recently received information on SB 113 and it's potential impact upon the Alaska Housing Finance Corporation. As a builder, naturally, I am very concerned as to how this bill might impact my business. Many of the housing products my company develops are targeted towards those people who qualify as AHFC first-time homebuyers.

IHH entered this area of the market because we saw a glaring need in Alaska for the creation of affordable housing opportunities. Although there are a number of factors that have a direct impact upon our ability to make housing affordable to Alaskans, one of the most critical is the ability of the AHFC to make low-interest loans to homebuyers. I firmly believe that SB 113 will severely impact the AHFC's ability to provide the favorable loan packages needed to make these types of loans a reality for many of the buyers needing assistance.

To give you a good example of what the AHFC's loan programs mean to housing affordability let me illustrate a recent sale we made on one of our Park Place Townhouses here in Juneau. A young couple with a one-year old child came to us to purchase a new home at Park Place. Obviously, they were not well off, but they wanted to realize their dream of having their own home instead of throwing their money away on rent. Their income would not support the purchase of a home in Juneau without the help of a variety of lending programs administered by AHFC. At the time, AHFC interest rates for a first-time homebuyer loan were at 6.375% while conventional loan rates were above 7%. They saved an additional one percent in interest because of the AHFC's Energy Efficiency Interest Rate Reduction program, bringing their rate down to 5.375%.

Unfortunately, this still would not have been low enough for them, as their annual income for a family of three was below 60% of the Juneau median. In other words, they made less than \$35,220 a year. However, because of the AHFC's Interest Rate Reduction for Low Income Borrowers program, they were able to get an additional 2 points taken off of their interest rate. This brought them down to a rate of 3.375%, which allowed them to meet the debt to income ratio requirements necessary to realize their dream.

If they had to get a loan at a rate of 6.75% on a \$156,500 home their payments would have been in excess of \$1,226 a month. It would be safe to say that they would be renting right now if it weren't for the AHFC's programs. Instead they are making payments of approximately \$950 a month and are living in their own home. The primary reason that they could afford a home is due to the AHFC's ability to provide a low-interest loan to them. And the reason the AHFC can do this is because they have the flexibility they need to issue bonds when market conditions are favorable – not political conditions. This will directly impact the interest rates and programs that the AHFC can offer to families like the one described above. These families will effectively have the door closed on their dreams.

If this occurs, private-sector companies like IHH will have to restructure their marketing and construction programs -- and ultimately abandon the idea of creating affordable housing for moderate- and low-income families. There are already too few opportunities for honest hard-