

SCOMM

139:19



Representative Beth Kerttula

Alaska State Legislature, District 3

State Capitol • Juneau, Alaska 99801-1182 • (907) 465-4766 • Fax (907) 465-4748

E-mail: Representative_Beth_Kerttula@legis.state.ak.us • <http://www.kerttula.net>

MEMORANDUM

TO: Representative Bob Lynn, Chair Military & Veterans' Affairs Committee
FROM: Representative Beth Kerttula *Beth*
SUBJECT: Changes in the CS for HJR 25
DATE: February 8, 2006

Committee Substitute 24-LS1274\Y for HJR 25 reflects the fact that the American Veterans Homeownership Act language was included in the United State House of Representatives version of the Tax Relief Extension Reconciliation Act of 2005. The references to the American Veterans Homeownership Act have been deleted and language referring to the Tax Relief Extension Reconciliation Act has been added.



Representative Beth Kerttula

Alaska State Legislature District 3

Sponsor Statement
House Joint Resolution 25
Supporting Veterans Home Ownership Act

Alaska is one of five states participating in the Veterans Homeownership Program, which makes low-interest home loans available to veterans who served before 1977 and apply within 30 years of leaving active military duty. Unless Congress takes action to extend the program, its effectiveness will dwindle as less and less veterans qualify.

With about 70,500 veterans, Alaska has the largest per capita population of veterans in the United States. Approximately 11,700 Alaskan veterans have benefited from the program since 1983. During the first three years of the program, over 1,000 veterans per year qualified for the loan. Last fiscal year, the number was down to 57.

The American Veterans Homeownership Act, repealing the pre-1977 service requirement, was inserted into the Tax Reconciliation Bill last year. The U.S. House of Representatives approved a version of the Tax Reconciliation Bill with the language, but the U.S. Senate's version doesn't have the language.

HJR 25 urges Congress to approve the American Veterans Homeownership Act language in the U.S. House version of the Tax Reconciliation Bill. This program is a way for our nation to express its gratitude to those who have served in the armed forces and should be extended to benefit current and future veterans.

Available Combinations

In addition to possible use of FHA, VA, or RD, this program may be combined with other AHFC programs, including Energy Efficiency Interest-Rate Reduction (EEIRR) Program, Interest-Rate Reduction for Low-Income Borrowers (IRRLIB) Program, and Affordable Housing Enhanced Loan Program (AHELP), provided both borrower and property meet all the program criteria for any combined programs used.

Alaska Housing Finance Corporation

4300 Boniface Parkway
PO Box 101020
Anchorage, AK 99510-1020
907-338-6100
1-800-478-AHFC (2432)

Interest Rate Hotline

907-330-8400
1-888-854-3884
(toll-free statewide)

www.ahfc.us

How To Apply

To apply for an AHFC mortgage, contact any AHFC-approved lender. **Note: Other lenders may originate AHFC loans in partnership with an AHFC-approved lender.**

AHFC Lenders

- Alaska First Bank & Trust
- Alaska Pacific Bank
- Alaska USA Mortgage Company
- Central Pacific Mortgage Company
- Countrywide Home Loans
- Denali State Bank
- First Bank
- First National Bank Alaska
- GMAC
- Guild Mortgage
- Homestate Mortgage Company
- Kodiak Island Housing Authority
- Mt. McKinley Mutual Savings Bank
- Northern Schools Federal Credit Union
- Pacific Alaska Mortgage
- Residential Mortgage
- Seattle Mortgage Company
- Tlingit-Haida Regional Housing Authority
- Wells Fargo Home Mortgage

Veterans Mortgage Program (VMP)

Veterans Mortgage Program (VMP)

Please note: This program is not the same as a Veterans Administration (VA) Guaranteed Loan. However, a VA Guarantee may be used with this program.

Under this program, certain eligible veterans may obtain financing at a lower interest rate, because the funds come from tax-exempt bonds.

Eligible Properties

Owner-occupied, single-family residences, condos, PUDs, Type 1 mobile homes, and duplex, triplex, and four-plex dwellings are eligible for this program. On multi-family dwellings, all units must have been in existence and initially occupied as a multi-family dwelling at least five years immediately preceding execution of the new mortgage.

Terms

Loan is a fixed interest rate and may be either a 15-year or 30-year loan.

Interest Rates

Interest rates for this program fluctuate. For the current rate, contact an AHFC-approved lender, or AHFC's interest rate hotline or Web site.

Loan Limits

Loan limits periodically change. For the most current loan limits, contact any AHFC-approved lender.

Borrowers' Eligibility

A person is a qualified veteran for purposes of this program if the person satisfies the following requirements:

The person has served on full-time duty, other than for training, in a branch of the Armed Forces; AND

- ♦ **was on active duty* prior to January 1, 1977; AND**
- ♦ **was not discharged from active duty more than 30 years prior to the date of submission of the loan file to AHFC; AND**
- ♦ **if retired, discharged, or released, separation was under conditions other than dishonorable.**

*** Active duty which began after 1/1/77 is ineligible, even if the veteran enlisted under a deferred entry prior to that date.**

This program is also available to certain individuals in the Public Health Service and military academies, or certain individuals in NOAA or CGS. Contact your lender for qualifying criteria if you are in one of these career fields.

If there is more than one borrower and the applicants are unmarried, then both borrowers must be qualified veterans.

Documentation Required

The following two items must be submitted to determine the borrower's eligibility: (1) DD-214 or Statement of Service and (2) Certificate of Veteran Eligibility or Title 38 Letter.

Down Payment Required

Conventional loans require a minimum down payment of 5% on a single-family residence and 10% on a duplex. A minimum of 20% down is required on all triplex and four-plex residences for conventional financing.

If the loan is federally insured or guaranteed—Veterans Administration (VA), USDA Rural Development (RD), or Federal Housing Administration (FHA)—the down payment required is generally lower.

Assumptions

Loans made under VMP are assumable by buyers who qualify under this program.

United States Senate

WASHINGTON, DC 20510

January 13, 2006

The Honorable Charles Grassley
Chairman
Committee on Finance
Subcommittee on Defense
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Max Baucus
Ranking Member
Committee on Finance
Subcommittee on Defense
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Grassley and Senator Baucus:

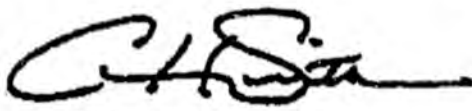
We are writing to request your support for Section 303 (Veterans' Mortgage Bonds) of the House's version of the Tax Reconciliation bill. We strongly urge you to support its inclusion in the final conference report.

Under current law, California, Texas, Wisconsin, Oregon, and Alaska have the ability to issue tax-exempt bonds, the proceeds of which are used to finance mortgage loans to veterans. These loans can only be made to veterans who served on active duty before 1977 and who applied for the financing within 30 years of the last date of their active service. As a result of these limits, veterans of Operation Iraqi Freedom, Operation Enduring Freedom, Kosovo, Bosnia, Haiti, Somalia and the 1991 Persian Gulf War are not eligible for these mortgage loans.

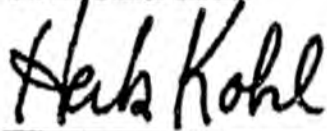
Section 303 of the House bill would repeal the requirement that veterans receiving loans must have served in the military before 1977. This change would ensure that we can continue to honor and reward our veterans by offering them low-cost home loans. Our veterans deserve this benefit, and we urge you to work to see that Section 303 is retained in the final conference agreement.

Thank you for working with us on this important issue.

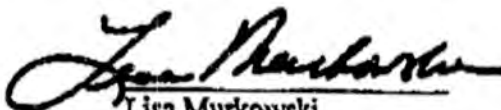
Sincerely,



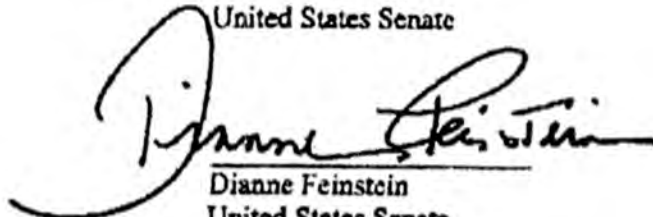
Gordon H. Smith
United States Senate



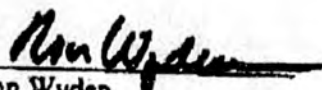
Herb Kohl
United States Senate

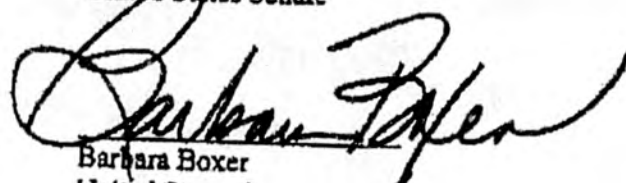


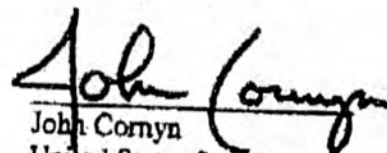
Lisa Murkowski
United States Senate

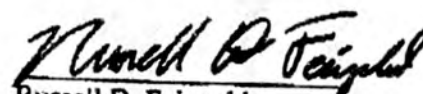


Dianne Feinstein
United States Senate


Ron Wyden
United States Senate


Barbara Boxer
United States Senate


John Cornyn
United States Senate


Russell D. Feingold
United States Senate

**Statement of
Congressman Paul Ryan (WI-01)
On the introduction of
The American Veterans Homeownership Act of 2005
June 16, 2005**

Mr. Speaker, I, along with Congressman Wally Herger, introduced today, the American Veterans Homeownership Act of 2005, and I ask my colleagues to support this legislation.

As you know, under current law, the States of Alaska, California, Oregon, Texas and my home state of Wisconsin, have the authority to issue tax-exempt bonds, which are called Qualified Veterans Mortgage Bonds (QVMBs). The proceeds of these bonds are used to finance mortgage loans to veterans who served on active duty before 1977 and who applied for the financing before the date of 30 years after the last date of which the veteran left active service.

As a result of the limits under current law, veterans of Operation Iraqi Freedom, Operation Enduring Freedom, Kosovo, Bosnia, Haiti, Somalia and the 1991 Persian Gulf War are not eligible for these mortgage loans that are financed by QVMBs. In addition, the QVMB program has, in effect, ended or is ending in the five affected states due to the current 30-year time limitation.

My legislation, the American Veterans Homeownership Act of 2005, would allow all veterans in these five States to be eligible for QVMB-financed mortgage loans by repealing the requirement that veterans receiving loans financed by QVMBs must have served before 1977 and would provide new State limits for these bonds. These veterans deserve the homeownership opportunities this program provides. I ask my colleagues to join me in supporting these veterans and cosponsor this important legislation.

HOUSE COMMITTEE ON -

(7)

Date Referred to Committee: January 11, 2006

FURTHER REFERRALS: State Affairs

Date of Committee Action: 2-16-06

The HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS considered: HJR 25

HOUSE JOINT RESOLUTION NO. 25

SUPPORTING VETERANS HOME OWNERSHIP ACT

Urging the United States Congress to enact the American Veterans Homeownership Act of 2005.

Recommends it be replaced with [] HCS or [X] CS for HJR 25 (MLV)
For Senate Bills with new title: [] Technical Title [] New Title: HCR _____ Same Title [X] New Title

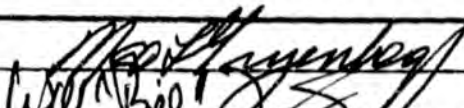
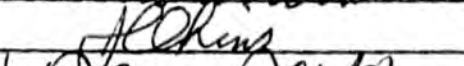
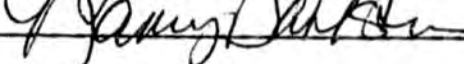
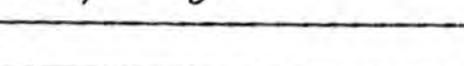
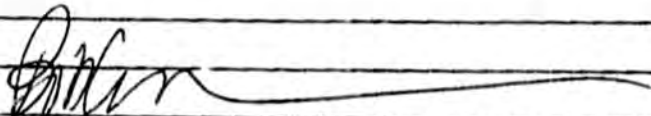
☐ attach amendments

☐ add new referral to _____ Committee

[] Letter of Intent _____ Committee

*List of
Abbrev
for
Depts.:*
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LEG
LAW
LWF
MVA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Greenberg	✓			
	Thomas	✓			
	CISSNA	✓			
	ELKINS	✓			
	Dalton	X			
Chair: 	LYNN	X			
Chair:					

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

February 16, 2006

1:07 p.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Jim Elkins
Representative Bill Thomas
Representative Nancy Dahlstrom
Representative Sharon Cissna
Representative Max Gruenberg

MEMBERS ABSENT

Representative Lesil McGuire

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 25

Urging the United States Congress to enact the American Veterans Homeownership Act of 2005.

- MOVED CSHJR 25 (MLV) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 25

SHORT TITLE: SUPPORTING VETERANS HOME OWNERSHIP ACT

SPONSOR(s): REPRESENTATIVE(s) KERTTULA

01/11/06	(H)	READ THE FIRST TIME - REFERRALS
01/11/06	(H)	MLV, STA
02/16/06	(H)	MIV AT 1:00 PM CAPITOL 124

WITNESS REGISTER

REPRESENTATIVE BETH KERTTULA

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Speaking as the sponsor, testified in support of HJR 25.

HANNAH McCARTY, Staff
to Representative Beth Kertttula
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Explained the difference between HJR 25 and CSHJR 25.

CLAYTON LOVE, Commander
Disabled American Veterans (DAV)
Department of Alaska
Auke Bay, Alaska

POSITION STATEMENT: Testified in support of HJR 25.

JOHN WILKINS, Director of Services
Disabled American Veterans (DAV)
Department of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified in support of HJR 25 and discussed the importance of it.

BRYAN BUTCHER, Director
Governmental Relations and Public Affairs
Alaska Housing Finance Corporation (AHFC)
Department of Revenue (DOR)
Anchorage, Alaska
POSITION STATEMENT: Discussed AHFC's Veterans' Loan Program.

ACTION NARRATIVE

CHAIR BOB LYNN called the House Special Committee on Military and Veterans' Affairs meeting to order at 1:07:30 PM. Representatives Lynn, Elkins, Thomas, Dahlstrom, and Cissna were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

^#hjr25

HJR 25-SUPPORTING VETERANS HOME OWNERSHIP ACT

1:07:50 PM

CHAIR LYNN announced that the only order of business would be HOUSE JOINT RESOLUTION NO. 25, urging the United States Congress to enact the American Veterans Homeownership Act of 2005.

1:08:06 PM

REPRESENTATIVE ELKINS moved to adopt CSHJR 25, Version 24-LS1274\Y, Bullock, 2/7/06, as the working document. There being no objection, Version Y was before the committee.

1:08:35 PM

REPRESENTATIVE KERTTULA relayed that she received an Alaska Housing Finance Corporation (AHFC) flyer last summer, which noted that without an act of Congress, Alaska was going to see dwindling numbers of veterans who would be eligible for special homeowner loans. She further relayed that HJR 25 encourages Congress to change the law so that veterans who served after 1977 would be able to take advantage of the homeowner loans.

1:10:19 PM

CHAIR LYNN requested that Representative Kerttula discuss the difference between [HJR 25 and CSHJR 25].

HANNAH McCARTY, Staff to Representative Beth Kerttula, explained that the language from the American Veterans Homeownership Act was included in the U.S. House of Representatives version of the Tax Relief Extension Reconciliation Act. However, the language is not included in the U.S. Senate version. Therefore, CSHJR 25 encourages the adoption of the language from the American Veterans Homeownership Act in the U.S. House of Representatives version of the Tax Relief Extension Reconciliation Act, Section 303.

1:12:13 PM

CLAYTON LOVE, Commander, Disabled American Veterans (DAV), Department of Alaska, informed the committee that he served from December 1972 to January 1990. He said that it doesn't make a difference whether it's a 10-day war or a 20-year war, "you're still getting shot at." He noted that the housing prices have risen and the government has [increased] the Government Issue (GI) loan. He opined that HJR 25 is a good idea and remarked, "I love it, and it's showing more support from the state and how much they really care about the veterans and the service that they've done, the time they spent not just in the state of Alaska, but America." He added that HJR 25 is something that would assist [veterans] once they return home.

CHAIR LYNN remarked that it's one thing for us to care about veterans, and another thing to do something about it.

1:13:56 PM

JOHN WILKINS, Director of Services, Disabled American Veterans (DAV), Department of Alaska, explained that his prime job with

the DAV is to ensure that the veterans receive what they need - medical [care], mental [care], and housing [assistance]. He remarked that things have changed since [the U.S.] started the War on Terrorism. When troops are deployed and families are left behind, it causes a great hardship on the deployed member and his/her family. If the American Home Ownership Act of 2005, HR 2952, is passed, it will be a great relief to many service personnel to know that their families will be comfortable in a home of their own and not be concerned with renting or leases running out and having to move.

1:15:04 PM

MR. WILKINS explained that sometimes when one is deployed, money is held up and there are glitches in the system - families don't get the money for one or two months and the rent is not paid. He relayed that if the veteran owns his/her home, it's not likely that the families would have to move because of rent not being paid. He said that HJR 25 is a good bill all around and noted that military personnel don't make a lot of money. When one starts in the military, he/she is on the low end of the salary chart. He opined that HJR 25, a low-cost interest loan, will help even the playing field and noted that the average troop can't afford a house. He said, "This bill in some way says we care about you and your family, and thanks for all of your sacrifices."

1:16:17 PM

CHAIR LYNN declared a conflict of interest because he's a licensed Alaska real estate broker acting in the capacity of a social broker.

→ *Associate*

1:16:45 PM

REPRESENTATIVE THOMAS inquired as to what's currently going on with the troops coming home. "Is there anything in the department for Posttraumatic Stress help for veterans coming home?"

MR. WILKINS assured the committee that the commanders and first sergeants who are returning have all been informed [of the available services]. In regard to psychiatrists, there are two in Juneau and one each in Sitka and Ketchikan. Therefore, Posttraumatic Stress Disorder (PTSD) is currently covered very well. He added that he's a volunteer and that he believes in

helping the young people returning because it was so hard for [previous veterans to obtain needed services].

1:20:16 PM

BRYAN BUTCHER, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), informed the committee that he's available to answer any questions regarding the federal legislation or the AHFC program itself. In response to Chair Lynn, he relayed that AHFC strongly supports HJR 25. The AHFC has been working on getting the language changed in Congress for about 15 years and it is currently closer than it has ever been.

1:20:58 PM

REPRESENTATIVE GRUENBERG noted that on line 10 of HJR 25 it reads that the number of veterans who qualified for loans has decreased to fewer than 60. He asked, "That means there are only 60 people in the state who are eligible for this?"

REPRESENTATIVE KERTTULA clarified that line 10 reads qualified for and applied for. Therefore, there very well may be more than 60. For those who applied for loans, less than 60 were qualified. She added that 57 loans were [granted].

REPRESENTATIVE KERTTULA, in response to Representative Gruenberg, clarified [that 57 loans were granted] in 2005.

REPRESENTATIVE GRUENBERG corrected that it doesn't read 2005 on lines 9-11.

REPRESENTATIVE KERTTULA concurred and relayed that HJR 25 can be changed to read whereas in 2005.

1:23:02 PM

REPRESENTATIVE GRUENBERG moved to adopt Amendment 1, as follows:

Page 1, line 9, following "WHEREAS":
Insert "in 2005"

REPRESENTATIVE KERTTULA opined that [Amendment 1] would make HJR 25 clearer.

1:23:18 PM

CHAIR LYNN announced that there being no objection, Amendment 1 was adopted.

REPRESENTATIVE GRUENBERG referred to the Statement of Congressman Paul Ryan in the pill packet, which read in part: "As you know under current law, the State of Alaska, California, Oregon and Texas and my home state of Wisconsin, have the authority to issue tax-exempt bonds..." He offered his understanding that the purpose is for these five states. He asked, "Am I correct that it's targeted at these five states?"

REPRESENTATIVE KERTTULA replied yes.

1:24:24 PM

REPRESENTATIVE GRUENBERG stated that currently, [Alaska] is only able to issue general obligation (GO) bonds for veterans homes and construction. [Alaska] can't issue GO bonds for any other purpose. He said, "If this is tied to federal law, then if we amend this provision of the constitution, maybe we can do it without worrying about the federal law. Would I be right?"

MR. BUTCHER responded that what makes it necessary to be passed by Congress is the ability for AHFC to sell tax-exempt bonds to fund the Veterans' Loan Program, thus allowing AHFC to offer a reduced interest rate from its normal taxable rate.

REPRESENTATIVE GRUENBERG clarified that [selling tax-exempt bonds] is exempt from federal tax. He asked, "Is there any other way we can do this under current law without amending the tax law or is this the only way we can do it?"

1:25:44 PM

MR. BUTCHER stated that [selling tax-exempt bonds] is the only manner in which AHFC is able to [operate the Veterans' Loan Program] and receive tax-exempt financing. He acknowledged that there could be a way the State of Alaska would be able to set up some kind of veterans' program on its own. However, there would need to be some kind of monetary break that would allow the corporation to give a reduced interest rate. For example, the interest rate that the Veterans' Loan Program receives depends on the cost of AHFC tax-exempt financing. During times of higher interest rates, it's approximately 1 percent lower than the taxable single-family rate and currently, with lower interest rates, it's not quite that big of a difference. However, it's still substantial. For example, today's interest

rate for AHFC's normal taxable program is 6.5 percent, while in the Veterans' Loan Program it's reduced to 5.875 percent.

1:27:07 PM

MR. BUTCHER, in response to Representative Gruenberg, relayed that he doesn't know how the AHFC Veterans' Loan Program relates to any kind of a federal Department of Veterans Affairs (VA) program. He added that as the years go by, the number of Alaskans that can take advantage of it continues to dwindle.

1:27:41 PM

REPRESENTATIVE DAHLSTROM moved to report CSHJR 25, Version 24-LS1274\Y, Bullock, 2/7/06, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHJR 25(MLV) was reported out of the House Special Committee on Military and Veterans' Affairs.

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1:28:39 PM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 1:28 p.m.