ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1156 SCOMM 34: HOUSE SPEC. COMMITTEE ON STATE LOANS 1983-84

RECORDS CERTIFICATION

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James O. Smith
Signature of Camera Operator

12/12/89
Date

02-519 (REV 8/78)

SCOMM

#34:14

MEMORANDUM

TO: Representative Rick Uehling
FROM: Bill Lovell, Staff
DATE: May 4, 1983

RE: House Bill 385

House Bill 385, sponsored by the Rules Committee at the request of the Governor, would allow the Alaska Housing Finance Corporation to issue $500,000,000 in tax-exempt, state-guaranteed revenue bonds to finance mortgages for certain veterans.

The bill, if enacted, would require and authorizes a special election this fall to legally approve the sale of the general obligation bonds.

As you are aware, other legislation presently pending before the State Legislature (e.g. HJR 7, HJR 34, HJR 2, HJR 5) would require similar electoral approval in order to become effective. Senators Bill Ray and Vic Fischer have argued that the Senate Judiciary and State Affairs Committees will not hear any bill which requires an election, since they seem to anticipate no special election and therefore no opportunity to approve the Constitutional amendments this year.

If HB 385 passed the Legislature and a special election was authorized, the other legislation just described could be included on the ballot.

In light of this, I would recommend thorough, but relatively expedient committee and House review of HB 385, in order for the House to negate any real -- or artificial -- roadblocks to Senate consideration of HJR 7, HJR 34, HJR 2, and HJR 5. Prompt House passage of this bill would effectively eliminate the Senate leadership's excuse for refusing to hear these resolutions and would put pressure on the Senate to pass the authorization for the veterans' bond sale itself.

/wtl
Attachments

NUMBER	SPONSOR	ABBREVIATED TITLE	CURRENT STATUS	STATUS DATE	BILL ID.
HJR 1	PHILLIPS	AM AK CONSTITUTION/FELON LEGISLATOR FORFEITS OFFICE	IN (S) JUDICIARY	02/10/83	CS*(JUD)
HJR 2	HAYES	AM AK CONSTITUTION/LENGTH OF SESSION	IN (S) STATE AFFA	02/08/83	CS*(JUD)
			THEN JUDICIARY		
HJR 3	PHILLIPS	AM AK CONSTITUTION/LENGTH OF SESSION	IN (H) JUDICIARY	01/17/83	
HJR 4	MILLER,M.M.	RE:AM US CONSTITUTION/VOTING RIGHTS/DC	IN (H) JUDICIARY	01/17/83	
** HJR 5	SZYMANSKI	AM AK CONST/RE:ANNUL REGULATIONS/LEGISLATURE	IN (S) JUDICIARY	04/27/83	
HJR 6	MILLER,M.M.	RE: CONGRESS/EQUAL RIGHTS AMENDMENT	IN (H) JUDICIARY	01/17/83	
HJR 7	UEHLING	AM AK CONSTITUTION/RE: ELECTIONS/ATTY GENERAL/ST OFFICE	IN (S) STATE AFFA	03/24/83	CS SS*(JUD)
			THEN JUDICIARY		
HJR 8	FLOOD	AM AK CONSTITUTION/RE: ELECTIONS GOVERNOR/LT GOV	IN (H) JUDICIARY	01/18/83	
			THEN FINANCE		
HJR 9	BUSSELL	AM AK CONSTITUTION/ELECTION/GOVERNOR/LT GOV	IN (H) JUDICIARY	01/18/83	
HJR 10	ZHAROFF	OPPOSE HALIBUT MORATORIUM/ESTAB SHARE SYSTEM	IN (H) FISHERIES	01/18/83	
			THEN RESOURCES		
HJR 11	LACHER	AM AK CONST/LIMIT LENGTH REGULAR SESSION/LEGISLATURE	IN (H) JUDICIARY	01/19/83	
HJR 12	LACHER	AM AK CONST RE: TERMS OF LEGISLATORS	IN (H) RULES	03/07/83	
HJR 13	BETTISWORTH	AM US CONSTITUTION/CONVENTION/ADOPT LIBERTY AM	IN (H) JUDICIARY	01/20/83	
HJR 14	BETTISWORTH	AM AK CONSTITUTION/RATIFICATION/APPROPS BY VOTERS	IN (H) JUDICIARY	01/20/83	
			THEN FINANCE		
HJR 15	BETTISWORTH	RE: STATE JURISDICTION/COASTLINE	IN (H) C&RA	01/20/83	
			THEN RESOURCES		
			THEN JUDICIARY		
HJR 16	BETTISWORTH	REQUEST CONGRESS/REPEAL AK STATEHOOD ACT/MINERALS	IN (H) RESOURCES	01/20/83	
			THEN JUDICIARY		
HJR 17	BETTISWORTH	RE: COMMERCIAL FISHING/200-MILE ZONE	IN (H) RESOURCES	02/04/83	
HJR 18	LINDAUER	RE: RIGHT-OF-WAY CORRIDORS/AK RAILROAD/OIL/GAS	IN (H) RESOURCES	01/24/83	
			THEN TRANSPORTATION		
			THEN FINANCE		
HJR 19	GRUSSENDORF	RE: U.S. OBSERVERS/FOREIGN FISHING VESSELS	IN (S) RESOURCES	03/07/83	CS*(FISH)
HJR 20	RULES	U.S. CON[illegible]S/CONVENTION/AM U.S. CONST/RULES/PROCEDURES	IN (H) STATE AFFA	01/26/83	
	BY REQUEST		THEN JUDICIARY		
HJR 21	RULES	REPEAL MERCHANT MARINE ACT OF 1920	IN (H) LABOR & CO	01/26/83	
	BY REQUEST		THEN JUDICIARY		
HJR 22	RULES	OPPOSE PROVISIONS/EXPORT ADMINISTRATION ACT OF 1979	IN (H) LABOR & CO	01/26/83	
	BY REQUEST		THEN JUDICIARY		
			THEN FINANCE		
HJR 23	RULES	AM AK CONST/RE COOPERATION WITH FOREIGN NATIONS	IN (H) C&RA	01/26/83	
	BY REQUEST		THEN JUDICIARY		
			THEN FINANCE		
HJR 24	RULES	AM AK CONST/RE RIGHTS OF STATES	IN (H) JUDICIARY	01/26/83	
	BY REQUEST				
HJR 25	ADAMS	REQUEST US DEPT/TRANSPORTATION/REVISE TIME ZONE/AK	SIGNED BY GOVERNOR	04/19/83	
HJR 26	SHULTZ	REQUEST US DEPT/TRANSPORTATION/REVISE TIME ZONES/AK	IN (H) STATE AFFA	02/02/83	
HJR 27	HERRMANN	RE: HEALTH CARE/NON-NATIVE DEPENDENTS/US PUBLIC HEALTH	IN (H) RULES	03/02/83	
HJR 28	HERRMANN	RE: PROCESSING OF NATIVE ALLOTMENTS	IN (S) STATE AFFA	04/15/83	CS SS*(RES)
HJR 29	PESTINGER	AM AK CONSTITUTION/EXCLUSIONARY RULE/PEACE OFFICER	IN (H) JUDICIARY	02/11/83	
HJR 30	ADAMS	RE: REVENUE SHARE/OUTER CONTINENTAL SHELF/OIL & GAS	IN (H) RESOURCES	02/14/83	
HJR 31	BUSSELL	RENEGOTIATE/US-CANADA/SALMON TREATY/PRESENT FORM	IN (H) FISHERIES	02/15/83	
			THEN RESOURCES		
HJR 32	KOPONEN	RE: USE MILITARY EQUIPMENT FIGHT FIRES/AK	IN (H) C&RA	02/21/83	
			THEN STATE AFFAIRS		

	NUMBER	SPONSOR	ABBREVIATED TITLE	CURRENT STATUS	STATUS DATE	BILL ID.
	HJR 33	FLOOD	RE: REAPPORTIONMENT OF THE SENATE	IN (H) STATE AFFA THEN JUDICIARY	03/02/83	
**	HJR 34	LISKA	AM AK CONSTITUTION RE: ELECTION PROSECUTING ATTORNEYS	IN (H) RULES	04/29/83	
	HJR 35	WARD	RE: PAYMENT/AK AREA NATIVE HEALTH SERVICE	IN (H) RULES	04/14/83	
	HJR 36	WARD	RE: CONFIRM/JUSTICES & JUDGES BY THE LEGISLATURE	IN (H) RULES	03/31/83	
	HJR 37	UEHLING	PASS HR 1176/S 137/CONGRESS/MORTGAGE BONDS/EXEMPT	IN (S) FINANCE	04/06/83	
**	HJR 38	COWDERY	RE: MARKET/TRANSPORT ALASKA NATURAL GAS	IN (S) FINANCE	04/26/83	CS*(RES)
	HJR 39	HAYES	AM AK CONSTITUTION/CREATE APPROP RESERVE FUND	IN (H) STATE AFFA THEN FINANCE	03/18/83	
	HJR 40	TISCHER	CONGRESS DECONTROL NATURAL GAS	IN (H) RESOURCES	03/28/83	
	HJR 41	VASKA	RE: PROTECTION OF BERING SEA FISHERIES	IN (H) FISHERIES THEN RESOURCES	04/04/83	
	HJR 42	HAYES	RE: ESTAB SISTER STATE RELATIONSHIP WITH TAIWAN	IN (H) STATE AFFA	04/07/83	
	HJR 43	RINGSTAD	REQUEST BIRCH CREEK/BEAVER CREEK/NOT WILD RIVERS	IN (H) RESOURCES	04/21/83	
**	HJR 44	HAYES	FCC ADDITIONAL RADIO/LAND MOBILE SERVICE/SAFETY	IN (H) STATE AFFA	04/26/83	
**	HJR 45	TISCHER	RE: REPEAL OF THE FEDERAL ESTATE TAX	IN (H) JUDICIARY THEN FINANCE	04/29/83	

$500,000,000 of its revenue bonds that are unconditionally guaranteed as to principal and interest by the state, the proceeds of which are to be expended by the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans under AS 18.56. The authorization in this section to issue bonds is in addition to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA 1982.

* Sec. 3. As used in this Act, a qualifying veteran is a person who is a "qualified veteran" as that term is defined or may be subsequently defined under the Mortgage Subsidy Bond Tax Act of 1980.

* Sec. 4. The question of whether the state guaranty of bonds referred to in this Act shall be made shall be submitted to the qualified voters of the state at a special election to be held on October 4, 1983, and shall read substantially as follows:

DIV. OF ELECTIONS RECOMMENDS 11/8/83

PROPOSITION

State Guaranteed Veterans Residential

Mortgage Bonds $500,000,000

Shall the State of Alaska unconditionally guarantee as a general obligation of the state, the payment of principal of and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than $500,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined by law?

Bonds Yes [ ]

Bonds No [ ]

* Sec. 5. The director of the division of elections shall conduct a special election on October 4, 1983, to present to the voters the question described in sec. 4 of this Act. The director shall conduct the special

Introduced: 4/28/83
Referred: House Special Committee on State Loans and Finance

SEE SEC 4 (p 2)

IN THE HOUSE — BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

HOUSE BILL NO. 385

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the issuance of tax-exempt, state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; and providing for an effective date."

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

* Section 1. For the purpose of assisting the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of the Alaska Housing Finance Corporation are unconditionally guaranteed as to principal and interest by the state in the principal amount of not more than $500,000,000. The full faith, credit, and resources of the state are pledged to the payment of the principal of and interest on these bonds, and the principal of and interest on the bonds are secured by the general obligation of the State of Alaska. A statement of this pledge must be printed on the face of the bonds and must be signed in manual or facsimile form by the governor. The provisions of AS 37.15 do not apply to the bonds. The bonds are to be sold by the Alaska Housing Finance Corporation under AS 18.56 at public sale in amounts and at times approved by the state bond committee. The guarantee authorized by this section is in addition to the guarantee authorized by sec. 5, ch. 35, SLA 1982.

* Sec. 2. If the question set out in sec. 4 of this Act is approved by the qualified voters of the state who vote on the question, the Alaska Housing Finance Corporation may issue not more than the principal amount of

election in accordance with the procedures generally applicable to general elections under AS 15.

* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.070(c).

FILE COPY

ALASKA HOUSING FINANCE CORPORATION

Additional Veterans GO Bond Authorization
(in Millions)

Effect on FY 84 Capital Budget for Special Mortgage Loan Purchase Program

As presented Capital Budget Supporting Documents (April 28, 1983 version)(1)

Anticipated Veterans Bonding	$200
Available Authorization without HB 385	175
	25
Difference in Subsidy Ratios (25% - 11%)*	x .14%
	$3.5

Assuming No Decrease in Veterans Activity

Anticipated Veterans Bonding	$400
Available Authorization without HB 385	175
	225
Differnece in Subsidy Ratios (25% - 11%)*	x .14%
	$31.5

Effect on Actual Subsidy Costs (FY 84 and FY 85 combined) At Varying Activity Levels(1)

Total Demand (1/84 to 1/85)	Subsidy Differential (25% Taxable - 11% Vets GO)*	Incremental Subsidy Cost Total	FY 84	FY 85
$500	14%	$70	$30	$40
$400	14%	$56	$24	$32
$300	14%	$42	$18	$24

(1) Assumes exhaustion of Veterans GO Bond authorization would not result in a reduction of total demand but rather a reallocation of funding sources from the lower cost to tax exempt Veterans bonds to the taxable program.

(2) Subsidy ratios as reflected in the Capital Budget Supporting Documents (April 28, 1983 version).

m16.1

Alaska HOUSING FINANCE CORPORATION

P.O. Box 1020, Anchorage, Alaska 99510

HB-585

TO: Michael S. Lynch
Executive Director

DATE: April 5, 1983

FROM: Mark K. Cameron
Finance Director

SUBJECT: ANALYSIS OF STATE GUARANTEED VETERANS MORTGAGE LOAN DEMAND AND ASSOCIATED BONDING REQUIREMENTS

During the previous Legislative Session CCSSB 593 was approved and signed into law authorizing a $400 million bond proposition to be placed on the ballot for the November 1982 general election. The Bond proposition was approved by the voters with 118,874 yes votes (63.90%) and 67,168 no votes (36.10%).

The $400 million submitted for approval by the voters was a low side estimate based upon a total available mortgage pool of $450 million providing funds for a two year period. With a total projected annual demand for all first mortgage programs of $900 million, with 25% of such activity qualifying under the State Veterans program, this level of bond authorization would have been sufficient. Several unanticipated factors have influenced the actual demand experienced to date under the program and an October 1983 special election is recommended for approval of a $500 million State Guaranteed Bonds Veterans Mortgage Program bond authorization. The additional $500 million is estimated to be sufficient to meet program demand through December 31, 1984. The bond authorization for calendar years 1985 and 1986 will be presented to the voters in the November 1984 general election subsequent to 1984 Legislative approval.

As indicated in the attached Summary of Financing Requirements, both the total first mortgage activity and the percentage of such activity occurring in the Veterans program has been in excess of that originally projected. The shortfall of bond authorization for the calendar years 1983 and 1984 as presented aggregates $447,590,030.

This projection is based upon activity experienced during the four week period from March 7, 1983, to April 1, 1983. March 1982 activity was 72 percent of the average for that calendar year while March 1981 activity was 88 percent of the average for the calendar year 1981. Based upon the brief history of the Special Mortgage Loan Purchase Program the projected shortfall should be on the low side since the four week activity used in the analysis was not "annualized". There is no clear concensus as to whether the demand experienced during recent months will subside or increase in the following months resulting in July through September being the "peak" demand periods as has generally been the case. It is also uncertain whether the current percentage of application under the Veterans Program represents a surge in demand resulting from its recent implementation or can be assumed to be maintained in long term forecasts. Prior to implementation of the program, the Corporation estimated that 30 percent to 35 percent of the first mortgage activity would be submitted through the Veterans program. The 33.99 percent experienced during the previous four weeks is consistent with the estimates and there is little reason to believe that it should settle in below 30 percent on an ongoing basis.

I recommend the amount of the requested additional bond authorization be $500 million to cover any slight potential increase over estimated activity based upon March 1983 applications.

de

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF FINANCING REQUIREMENTS
State Guaranteed Veterans Bonds

Funds Available for Commitment (4/01/83)	$(11,526,002)
Projected Activity through 12/31/83 *(40 wks.)	(339,103,925)
Projected Activity from 1/1/84 through 12/31/84* (52 wks.)	$(440,835,103)
Mortgage Demand Necessary to be Funded through 12/31/84	$(791,465,030)
Remaining Bond Authorization	$ 350,000,000
Required Additional Authorization	447,590,030
Less Estimated Discount on Bonds (1.75%)	(6,125,000)
	$ 791,465,030

* Projection based upon average 3/07/83 through 4/01/83 four week activity at 95% acceptance level ($8,477,598 per week)

January to December 1982 Approved Commitments
Average $60,876,283 March $43,885,950 (72%)

January to December 1981 Approved Commitments
Average $73,848,125 March $64,754,050 (88%)

State Guaranteed Veterans Applications for Week Ending:

	Number	Dollar
1/31/83 - 2/04/83	12	$1,333,350
2/07/83 - 2/11/83	49	5,325,050
2/14/83 - 2/18/83	73	7,772,550
2/21/83 - 2/25/83	56	6,027,300
2/28/83 - 3/04/83	77	8,414,300
3/07/83 - 3/11/83	75	8,753,200
3/14/83 - 3/18/83	82	9,333,300
3/21/83 - 3/25/83	89	9,626,450
3/28/83 - 4/01/83	73	7,982,200

Prior 4 weeks applications:

All First Mortgage Programs	100%	$105,022,050
State Guaranteed Veterans	33.99%	$ 35,695,150

fbat

Veterans Mortgage Program

Alaska
HOUSING FINANCE CORPORATION

To apply under this program, federal regulations require that individuals must be veterans as defined by the United States code.

Features

Maximum Loan Amount

Single-Family Residence	$160,500
Duplex	205,200
Triplex	247,650
Four-Plex	307,950

Minimum Down Payment

Single-Family and Duplexes Residences	5%
Triplexes and Four-Plexes Residences	10%

Eligible Properties

Owner-occupied single-family dwellings (including condominiums and units in a PUD) and multi-family dwellings up to and including four-plexes. If the residence is a multi-family dwelling, then all units must have been occupied as such for at least 5 years. For example, if the dwelling is a four-plex, it must have been occupied as a four-plex for 5 years.

VA guaranteed loans are allowed. However, down payments and maximum loan amounts will vary. Check with your lender for details.

Type of Loan

The ABE mortgage structure applies to the Veterans Program. Under this type of mortgage, the interest rate is fixed, however, there are moderate increases to the mortgage payment in years four through nine. These increases are applied to the principal balance on the loan. Therefore, the loan is repaid in approximately 18 years. A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying a Home in the Future?"

Other Criteria

In November of 1982, the voters passed a constitutional amendment and a bond proposition that allowed AHFC to issue tax-exempt bonds for the purpose of financing homes for qualified veterans. Since this program is regulated by the U.S. Department of Treasury, IRS, the borrower(s) must meet certain criteria to qualify.

1. The borrower(s) must be a qualified veteran. Temporary regulations of the IRS have implemented the meaning of "veteran" as defined in 38 U.S.C. 101(2). In order to apply under this program, the borrower(s) must submit documentation that they are a veteran under the federal definition.

A Certificate of Eligibility or a letter from the Federal Veterans Administration will be accepted as evidence of meeting this requirement. In some instances, it may take thirty (30) to sixty (60) days to obtain the Certificate of Eligibility. Therefore, if you are planning on applying under this program, you may want to start the process beforehand, as AHFC will not process any applications without the appropriate documentation.

2. Not more than 15% of the dwelling may be used for business or trade (other than for renting one of the units, if the residence is a multi-family dwelling) and no portion of the property may be specifically designed for commercial use.

3. The borrower must occupy the residence or one unit of the residence as their primary dwelling. In addition, the loan must be paid in full, if you cease to occupy the residence or sell or transfer your ownership interest in the property.

4. Refinancing is prohibited under the Program. The proceeds of the loan must be used for new financing.

5. Excess land may not be financed. The real estate upon which the residence is located must be reasonably required to maintain the basic livability of the residence.

Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC rate on the Veterans Program.

225 East 8th Avenue, Third Floor
P.O. Box 1020, Anchorage, Alaska 99510

Printed March, 1983

Special Mortgage Loan Purchase Program Conventional Loan

Alaska HOUSING FINANCE CORPORATION

The largest and most commonly utilized program is AHFC's Conventional or Regular Program.

Features

Maximum Loan Amount

Single-Family Residence	$160,500
Two-Family Residence	$205,200
Minimum Down Payment	5%

Eligible Property

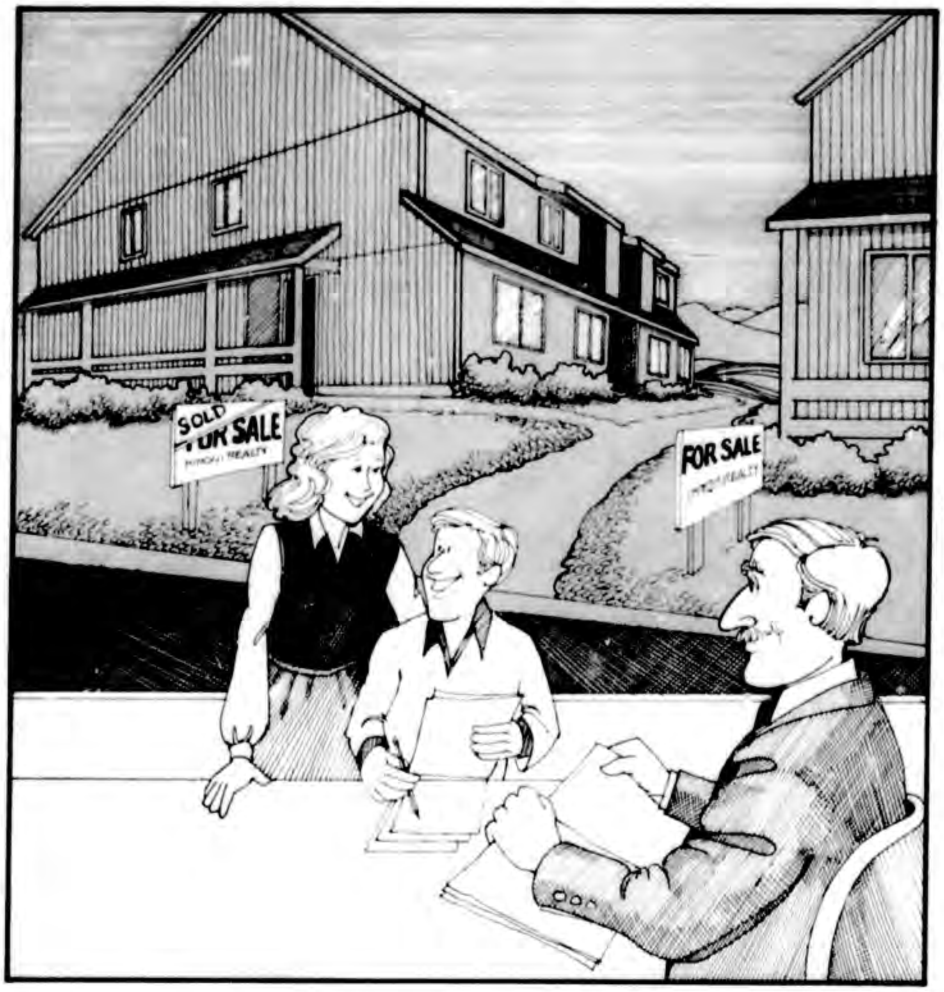
Owner-occupied single-family or duplex dwelling, including owner-occupied condominium units or units in a planned unit development (PUD).

VA guaranteed loans are allowed; however, down payments and maximum loan amounts will vary. The current maximum loan amount is $135,000. Check with your lender for details.

Type of Loan

Alaska Housing Finance Corporation utilizes a mortgage loan referred to as the Alaska Building Equity (ABE) Mortgage. There are many positive features to the ABE mortgage. The interest rate remains fixed for the entire life of the mortgage. Although there are moderate increases to the mortgage payment during the years four through nine, the borrower knows exactly what the monthly payments will be for the entire life of the mortgage. Since the interest rate remains fixed, all increases are applied to the principal balance, thus increasing the borrower's equity and repaying the loan within approximately sixteen years.

A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying A Home In The Future?"



Interest Rates

Interest rates charged by AHFC have been established by the Legislature and these rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first $90,000 of the mortgage loan. For any portion above $90,000, the borrower is required to pay the cost AHFC pays to obtain its funds. Since AHFC interest rates are directly tied to the cost the Corporation must pay to obtain the funds, interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.

235 East 8th Avenue, Third Floor
P.O. Box 1020, Anchorage, Alaska 99510

Printed November, 1982

VETERANS' MORTGAGE PORGRAM

In November, 1982, the voters of Alaska amended the State Constitution to allow General Obligation Bonds to be sold for a Veterans' Mortgage Program and at the same time authorized the issuance of $400 million of bonds for this purpose. The funds related to these bond issues were originally expected to last through 1984. However, due to an overall increase in residential financing activity combined with an unexpectedly high portion of applications under the Veterans Mortgage Program, it is now estimated that the funds will have been utilized by the end of 1983. Because of the savings to the state, the Legislature authorized that a Special Election be held in November, 1983, to obtain voter approval of the issuance of an additional $500 million in General Obligation Bonds for Veterans to enable the program to continue through 1984.

This bond proposition deserves support because of the positive benefits that will accure to all residents of the state, as well as Veterans.

1) Funding residential financing activity through the issuance of $500 million of General Obligation Bonds will save the state approximately $70 million in subsidy costs for housing programs. It is assumed that without the additional bond authorization the residences for Veterans would be financed under the higher subsidy cost Taxable Bond Program.

2) The $70 million savings will be available for other capital projects throughout the state.

3) The Bonds will be self-supporting mortgage revenue bonds backed by primary, mortgage pool, and special hazard insurance policies to insure the state's guarantee will never be called upon.

4) The stability of all state housing programs will be enhanced because of the decreased mortgage subsidy needed to operate the programs.

5) Before each bond sale the State Bond Committee must approve the amount and sale date, further ensuring that the state's interest is protected.

In light of the benefits which all citizens of the state will enjoy, your support of this bond authorization is respectfully requested.

2. The availability of a low-interest mortgage loan program for veterans provides a boost to the housing market and thus the local economy of a given area by allowing a larger group of people to be eligible and participate in home buying.

3. Preference for veterans is created in good faith and out of a sincere concern for the welfare of those men and women who made personal sacrifices for the sake of our country's safety. Veterans' preference was designed to attract loyal and well disciplined people to partriotic service and to reward veterans for the sacrifice of military service.

Opponents Say

1. As of September 30, 1983, the principal amount outstanding for state general obligation bonds was $916,073,000. In addition, the Alaska Housing Finance Corporation has issued veterans' residential mortgage bonds with a principal amount outstanding of $400,000,000. An additional $500,000,000 of bonded indebtedness for veterans' residential loans would bring the total amount of the state's bonded indebtedness for veterans' housing alone to $900,000,000. In other words, the state's bonded indebtedness for veterans alone will be almost equal to its indebtedness for all of its citizens.

2. The current policy of incurring massive bonded indebtedness to subsidize homes that often run into hundreds of thousands of dollars per house may not be the best way to utilize state wealth to the benefit of all Alaskans. Many feel that such facilities as schools, libraries, roads, and airports more properly fill the role of state projects that improve the quality of life for all.

3. Previous and current tradition and policy have greatly discouraged women's entry into the military. Thus all veterans' benefits accrue disproportionately to men alone. In 1980, 51,970 male Alaskans were veterans, whereas only 1,960 females were veterans. Today, veterans represent only slightly more than 11 percent of the state population. Thus, the bond issue is discriminatory against women and non-veterans.

"The League of Women Voters believes that democratic government depends upon the informed and active participation of its citizens..." Be sure to vote November 8th.

####

League of Women Voters
OF ANCHORAGE
P. O. BOX 1348
ANCHORAGE, ALASKA 99510

274-8477

October 28, 1983

PROS AND CONS ON STATE BOND ISSUE QUESTION
November 8, 1983 Ballot

This is prepared as a public service by the League of Women Voters of Anchorage. The League of Women Voters is a non-partisan organization dedicated to the promotion of informed and active participation of citizens in government. The League does not judge the merits of the arguments nor guarantee their validity.

The Situation

Voters in the statewide election in November 1982 approved a proposition authorizing the issue of $400,000,000 in veterans' residential mortgage bonds. The resulting home loan program has been more popular than anticipated and its continuation now requires additional funding. An election will be held November 8, 1983 for the purpose of voting on the following question.

The Proposal

Shall the State of Alaska unconditionally guarantee as a general obligation of the state, the payment of principal and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than $500,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined by law?

BONDS - YES

BONDS - NO

Supporters Say

1. A state guaranteed bond issue is a desirable way to fund a home loan program for veterans because it costs the state less to subsidize veterans' mortgages in this manner. State guaranteed, tax-exempt bonds don't require as high a yield to be marketable, thus it costs less to sell them than other types of bonds.

Alaska State Legislature

Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

November 3, 1983

If not approved, the funds will be exhausted in two weeks, not by february, 1984, as was incorrectly reported in an earlier column. so to cotinue to have a good home loan program in southcentral alaska need to approve bonds so that the subisjdy from the legislature is lowered.

Alaska has one of the finest home laon programs in the nation. and for that to continue we must approve it.

it's one of the most successful and popular programs that truly benefits the citizens, the private sector, and stimulates the economy in ways beneficial to all Alaskans ~~to the benefit of the~~ home buyer.

Historically, when the Lower 48 was experiencing a very severe recession, the Alaska housing ifnance corporation was continuing to authorize and approve loans which kept our economy thriving while the rest of the nation basked in unemployment and economic stagnation.

I, as chairman aof the special committee on state loans, worked hard to clean up the statutes and stabilize a three-point, constant subsidy for the first $90,000 on single-family homes.

At one time the national interest rate was 19 percent, while we were subisdizing down 7 percent, to 12 percent. Now, the interest rate floats..

General obligatin bonds... but self-supporting and won't affecte the state's credit rating. State has a AA- minus rating and AHFC has a AA.

AHFC has had a excellent record. they are constantly looking for new ways to lower subsidy costs to the state. this particular issue of general obligation bonds for veterans.

it allows the state to utilize a benefit that the federal government offers states. that's the tax exempt benefit on revenue bonds.

veteran benefits for veterans in Alaska since the late 1940s.

though it is a benefit for veterans it is a $70 million savings in subsidy costs that can be utilized for eityher other housing programs, or for capital projects, like roads, sewers, schools and ......

Fiscal responsibility dictates 'no' vote on housing bonds

By ERIC SUTCLIFFE

One of Alaska's best-kept secrets is that there will be a special election Tuesday to determine if Alaska Housing Finance Corporation will be allowed to sell an additional $500 million in general obligation bonds to finance veteran mortgage loans. The veteran mortgage program is not new. As you will recall, last November AHFC received voter approval to sell $400 million in veteran bonds.

While the Nov. 8 election will come as a surprise to the majority of Alaskans, it should be even more surprising to learn that in less than one-half hour — the same time it takes to watch a television sitcom — the Alaska House Special Committee on Loans received all the testimony, and heard all the advice it needed, to pass the bill last spring authorizing the sale of the $500 million in veterans' bonds.

Of the 18 minutes given to this discussion, 14 minutes were spent listening to Division of Elections personnel telling the committee why it would be more efficient to hold the special election on Nov. 8 rather than Oct. 4, the date the election initially was planned for. The remaining 14 minutes were spent listening to the Alaska Housing Finance Corporation explain why it wanted the $500 million.

What didn't happen at the Loans Committee meeting that should have? To begin with, the committee should have been warned that a low voter turnout would more than likely occur if the election was changed from Oct. 4, the day municipal elections were held, to Nov. 8. Municipal election officials are predicting that little more than half of the people who voted on Oct. 4 will vote on Nov. 8. This means the state will be lucky to have an 18 percent voter turnout on Nov. 8. Because the committee failed to recognize the effects of changing the election dates, they also failed to recognize that their actions overwhelmingly stacked the deck in favor of the bond proposition passing. For given a high voter turnout by veterans and their families — the group that stands to gain most — and a low voter

points of view
from our
community

compass

turnout by non-veterans, the election results are all but guaranteed.

At no time during either meeting did any committee member question the validity of AHFC statistics or question the wisdom of having state government continue to subsidize and dominate Alaska's housing industry. No consideration was given to the possible effects such a sale would have on Alaska's bond rating and the state's ability to sell bonds in the future. No testimony was given by the State Bond Committee, the Department of Revenue or the Division of Treasury, those agencies which are responsible for protecting the financial well-being of Alaska. The Alaska Housing Finance Corporation was the only agency present.

Having only AHFC testify at these hearings makes about as much sense as only inviting the fox into the chicken coop to testify on how many birds he thinks he should be allowed to eat each year. AHFC is a special-interest agency whose sole purpose is to get as much money as possible in order to make as many loans as possible. AHFC's concern over the long-term effects of a government-dominated-and-subsidized housing industry is about equal to the fox's concern over the long-term effects of killing chickens. It is also unlikely that AHFC would chose to comment on the inequity of its state loan programs or that they disproportionately favor the upper middle class and the rich.

In order to make a responsible decision on whether or not to vote for the veteran bonds, it is imperative to understand that the building boom Alaska is currently experiencing is not the result of a free market system responding to the supply and demand for houses. The building boom is almost entirely the result of special-interest groups — builders, trade unions, real estate agents and speculators — convincing the legislature to funnel billions of dollars through AHFC in order to make work for themselves by constructing and selling subsidized housing.

Literally thousands of people have moved to Alaska in the last few years for no other reason than to be involved, either directly or indirectly, in the housing industry. Carpenters, salespeople at furniture or building supply stores and real estate agents and their families have moved here, bought houses at subsidized rates and have become totally dependent on AHFC and the corporation's ability to perpetuate the contrived building boom.

If AHFC stopped making subsidized housing loans tomorrow, many Alaskans would be out of work tomorrow. For if people are in the business of building or supplying the building industry and that industry stops, then so does the work as well as the paychecks. Not having a paycheck means not having the money to make the home mortgage payemnts. When enough payments are missed, the mortgage is foreclosed and the house is lost.

In the Lower 48 what normally happens is the banks end up with the houses. Eventually, if enough houses are foreclosed on, then the banks go out of business. In Alaska, however, the banks need not worry about going out of business because they do not actually own the mortgages. In Alaska, the entity that owns over 85 percent of all mortgages is AHFC. So what happens if AHFC gets stuck with a bunch of bad housing loans? Probably nothing, because a large percentage of AHFC mortgages are guaranteed, in one form or another, by the state of Alaska. Alaska is the ultimate owner of the majority of houses that have been built and subsidized with state dollars.

Because AHFC is not a private corporation responsible to protect its stockholders' investments, it is even more important that all Alaskans seriously question the wisdom of allowing this governmental agency to have another $500 million.

Regardless of what happens in the veterans' bond election, AHFC's building boom is soon going to end. One reason will be that everyone who wants a house will eventually buy a house or find one to rent and there will be no reason to construct any more. Second, when the state is no longer able to subsidize the housing industry because of decreasing oil revenues, people will no longer be able to afford new houses. Third, the state's bonding limit will soon be reached and no one will buy any more Alaska housing bonds. The special election on Nov. 8 to allow AHFC to sell $500 million in veteran's mortgages is fiscally irresponsible. It will only perpetuate for a little while longer a fabricated economy that does not have a long-term life expectancy. The low-interest rates this program offers will encourage and entice veterans to unwisely mortgage their future as well as Alaska's future on the false assumption that the state's revenue always will be sufficient to fuel and subsidize an economy that shouldn't really exist.

All Alaskans, including veterans, must realize the $500 million of bonds will be a credit burden to the state for 20 years. Alaskans also must realize that a vote against the veterans' bonds is not a vote against veterans. A "no" vote on Nov. 8 is simply a statement that no short-term gain by any special-interest group is ever justified if it causes our children's future to be jeopardized.

☐ **Eric Sutcliffe is a former Republican member of the Alaska House of Representatives, from Unalaska.**

letters from the people

Helms has flair for dramatic

invested by government officials who have oft proven their ability to handle other peoples'

Alaska HOUSING FINANCE CORPORATION

May 17, 1983

The Honorable Rick Uehling
Chairman, House Special
Committee on Loans
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Rick:

The Corporation estimates that the $400 million general obligation bond authorization for the Veterans Mortgage Program (the "Program") will be exhausted by the end of February 1984. Without legislation authorizing a special election to be held in 1983 approving additional bonding, the Corporation would be unable to operate the Program from March 1984 until January 1985 (additional authorization at a November 1984 general election would allow a subsequent January 1985 bond sale).

If you assume that the Veterans Mortgage Program is not demand expansive, but rather represents a re-allocation of funding sources for residences from the Corporation's Taxable First Mortgage Program to the Veterans Mortgage Program, the potential gap from March 1984 to January 1985 could mean a substantial increase in the actual subsidy costs associated with the Corporation's financing activities during this period. The Corporation's FY 84 capital budget request reflects a subsidy cost for the Taxable First Mortgage Program of approximately $25 million per $100 million of mortgages financed. The estimates for the Veterans Mortgage Program are $11 million per $100 million of mortgages financed. This represents a savings of $14 million per $100 million of mortgage activity diverted to the lower cost tax exempt financed program. The Corporation is requesting legislation for additional bond authorization in the amount of $500 million. If this entire amount is utilized, assuming a non-expansive program, the subsidy reduction would approximate $70 million during the gap period.

The Corporation's FY 84 capital budget request assumes $200 million in Veterans Mortgage Program Bonds. Due to increased mortgage demand over that anticipated for the Program, of the $400 million current authorization only $150 million will be available during FY 84. The $50 million shortfall will result in an approximate FY 84 subsidy increase of $7.0 million.

Telephone (907) 276-5599
235 East 8th Avenue
Third Floor
P.O. Box 1020
Anchorage, Alaska 99510

The FY 84 capital budget request assumes approximately 20 percent of the mortgage loan activity will occur in the Veterans Mortgage Program (a historical percentage for state veterans qualifying for the 1 percent rate reduction). The $500 million additional authorization request assumes, however, a continuation of recent percentages for applications by "qualified veterans" under the general obligation Veterans Mortgage Program which has averaged approximately 34 percent.

Attached is a more detalied numerical analysis of the effect of HB 385 on the subsidy requirements of the Special Mortgage Loan Purchase Program.

Sincerely,

Mark K. Cameron

Mark K. Cameron
Finance Director

MKC/de

ALASKA HOUSING FINANCE CORPORATION

Additional Veterans GO Bond Authorization
(in Millions)

Effect on FY 84 Capital Budget for Special Mortgage Loan Purchase Program

As presented Capital Budget Supporting Documents (April 28, 1983 version)(1)

Anticipated Veterans Bonding	$200
Available Authorization without HB 385	150
	50
Difference in Subsidy Ratios (25% - 11%)*	x .14%
	$7.0

Assuming No Decrease in Veterans Activity

Anticipated Veterans Bonding	$400
Available Authorization without HB 385	150
	250
Differnece in Subsidy Ratios (25% - 11%)*	x .14%
	$35.0

Effect on Actual Subsidy Costs (FY 84 and FY 85 combined)
At Varying Activity Levels(1)

Total Demand (1/84 to 1/85)	Subsidy Differential (25% Taxable - 11% Vets GO)*	Incremental Subsidy Cost Total	FY 84	FY 85
$500	14%	$70	$30	$40
$400	14%	$56	$24	$32
$300	14%	$42	$18	$24

(1) Assumes exhaustion of Veterans GO Bond authorization would not result in a reduction of total demand but rather a reallocation of funding sources from the lower cost to tax exempt Veterans bonds to the taxable program.

(2) Subsidy ratios as reflected in the Capital Budget Supporting Documents (April 28, 1983 version).

m16.1

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821

House Special Committee on State Loans

MEMORANDUM

TO: Representative Rick Uehling
FROM: Bill Lovell, Staff
DATE: May 10, 1983

RE: House Bill 385

Introduced April 28 by the Rules Committee by request of the Governor, House Bill 385 instructs the division of elections to place a bond proposition before the voters of the State of Alaska in the October 4, 1983 election authorizing the State to guarantee $500 million in Veterans' Residential Mortgage Bonds to be issued by the Alaska Housing Finance Corporation.

The bill provides that the act would take effect immediately.

/wtl

Brief Analysis on the Fiscal Note
for
HB 385
AHFC Special Election

<u>(100) Personal Services</u> <u>265.2</u>

This election will require the addition of 30 temporary employees including the absentee ballot staff. It also requires that seven PPT employees switch to PFT for the months prior to the election. The requested sum also allows for the overtime necessary to effectively plan and conduct this election on such short notice.

<u>(200) Travel</u> <u>87.2</u>

Any statewide election requires that election board training be conducted throughout the state at the precinct level. Other travel considerations allow for the trooper escorted transportation of voted ballots and travel associated with the programming of the statewide vote counting system.

Travel costs are derived fr[illegible] 83 costs and a 6% inflation figure. An additional $1[illegible] included to cover the transportation of ballots and programmer related travel.

<u>(300) Contractual Services</u> <u>716.5</u>

The largest anticipated cost in this category is for the payment of the thousands of election board members who are involved statewide on election day (<u>$279.6</u>). The division must also pay the various counting teams, review boards, and election night personnel (<u>$45.3</u>).

The division's advertising costs (<u>96.8</u>) are the second largest expense. Public notice of the election is published at least twice in every newspaper in the state. Ads giving polling place locations, absentee balloting information, and voter assistance are printed statewide.

Data processing services (<u>82.5</u>) include programming costs, testing, and data processing charge backs.

Printing costs (<u>79.1</u>) includes the cost of ballot printing and election forms.

Communication expenses (<u>55.8</u>) include long distance phone calls, the installation of data base lines for election night, zenith numbers, and postage.

Equipment lease/rentals (34.8) include lease of 11 card readers, 7 telecopiers, polling place equipment, and the lease for the use of the Municipal Utilities System computer in Fairbanks.

Other expenses are the rental of polling places, (20.0) and freight (22.6).

(400) Commodities	12.6

The only commodities considered in the fiscal note are those supplies provided to 447 polling places.

TOTAL	1081.5

HB 385

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 28, 1983

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which relates to the sale of state-guaranteed bonds for the veterans mortgage program.

In the 1982 general election, the voters authorized the sale of $400,000,000 in state-guaranteed revenue bonds by the Alaska Housing Finance Corporation for the veterans mortgage program under AS 18.56. The program has proven to be more popular than expected, and, as a consequence, the current $400,000,000 authorization will be exhausted approximately 10 months before the next general election (November 1984). Without the authority to sell additional amounts of state-guaranteed revenue bonds, it will cost the corporation substantially more, an approximate seven-fold increase, to offer eligible veterans the benefits available under the veterans mortgage program. This bill provides for a special election on October 4, 1983 to present to the voters the question of whether to authorize the sale of an additional $500,000,000 in state-guaranteed revenue bonds. If voter approval is obtained, the corporation will have sufficient bonding authority to implement the veterans mortgage program in the most cost-efficient fashion until the general election in November 1984.

FILE COPY

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

STATE OF ALASKA
FISCAL NOTE

Revision Date ______, 1983

I. REQUEST Page 1 of 2

Bill/Resolution No: HB 385
Title: AHFC bonds for Vet home loans.
Sponsor: Governor
Requestor:

II. FISCAL DETAIL

Agency Affected: Office of the Governor
Program Category Affected: Exec. Operation
BRU, Program of Subprogram(s) Affected: Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	-	265.2	-	-	-	-
200 TRAVEL	-	87.2	-	-	-	-
300 CONTRACTUAL	-	716.5	-	-	-	-
400 COMMODITIES	-	12.6	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	1081.5	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
Interagency Receipts from AHFC Program Receipts	-	1081.5	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	7	-	-	-	-
TEMPORARY	-	30	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:
The cost will be funded from AHFC program receipts rather than the general fund. If the bill passes, AHFC would enter into a Reimbursable Services Agreement (RSA) with the Division of Elections. If the bond proposition passes, the expense could be included as a cost of issuance for the bonds. If the proposition were to fail, the expense would have to be borne by AHFC.

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Dana C. Coffman, Deputy Director, Div. of Elections
Denna Cline, Special Assistant
Phone: 276-5599
Division: Alaska Housing Finance Corporation
Date: 4/11/83

Approved by Commissioner: [signature]
Department: [illegible]
Date: 4/11/83

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
C[illegible] Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

HB 385 Page 2 of 2

FISCAL NOTE ANALYSIS

"An Act relating to the issuance of tax-exempt, State-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; and providing for an effective date."

Assumptions:

1. Fiscal note is based on the assumption that the election will be held on November 8, 1983, rather than October 4, 1983.

2. Efforts to hold this election on the same day as a municipal election will result in problems as each municipality operates under different procedures, resulting in the need to have two election boards at each of those polling places conducting a municipal election.

3. Holding the election on the same day as the municipal elections will not result in an appreciable savings to the state.

4. This election will be conducted in accordance with the procedures specified in AS 15, requiring the same expenditures as those incurred during a statewide primary or general election.

5. In comparison, the actual and estimated costs of various elections follow:

$1,398.8	1982 Primary	(actual cost)
$1,682.5	1982 General	(actual cost)
$1,200.0	Special Election - Susitna Project	(estimated cost)
*$1,047.6	Presidential Preference Primary	(estimated cost)

* The estimation of the cost of this election is slightly lower since some of the election related costs are also included in the estimated costs of the 1984 Primary and General Election.

LAWS OF ALASKA

1982

Source CCSSB 593

Chapter No. 35

AN ACT

Relating to the Alaska Housing Finance Corporation and bonds issued by the Alaska Housing Finance Corporation; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: May 17, 1982
Actual Effective Date: Sections 1 - 4, take effect May 18, 1982; Sections 5 - 10 take effect on the adoption by the Twelfth Legislature of a version of a resolution that places a proposed constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans, on a general election ballot for approval by the voters of the state.

Chapter 35

AN ACT

Relating to the Alaska Housing Finance Corporation and bonds issued by the Alaska Housing Finance Corporation; and providing for an effective date.

---

* Section 1. AS 18.56.098(h) is amended to read:

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from $90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section.

* Sec. 2. AS 18.56.110(g) is amended to read:

(g) Notwithstanding AS 18.56.090(12) and (a) of this section, the corporation may not issue bonds, other than refunding bonds, in any 12-month period beginning after June 30, 1983 [1982], in an amount that exceeds the amount of bonds authorized to be issued during the preceding period, unless a different amount is authorized by the legislature.

* Sec. 3. In addition to the amount authorized by sec. 48, ch. 115, SLA 1981, the Alaska Housing Finance Corporation may issue bonds in the principal amount of $210,000,000 during the fiscal year ending June 30, 1982.

* Sec. 4. The Alaska Housing Finance Corporation may issue bonds in the principal amount of $980,000,000 during the fiscal year ending June 30, 1983.

* Sec. 5. For the purpose of assisting the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of the Alaska Housing Finance Corporation may be unconditionally guaranteed as to principal and interest by the state in the principal amount of not more than $400,000,000. The full faith, credit, and resources of the state are pledged to the payment of the principal and interest on these bonds and the principal and interest on the bonds is secured by the general obligation of the State of Alaska. This statement shall be printed on the face of the bonds and shall be signed in manual or facsimile form by the governor. The provisions of AS 37.15 do not apply to the bonds. The bonds shall be sold by the Alaska Housing Finance Corporation under AS 18.56 at public sale in amounts and at times approved by the state bond committee.

* Sec. 6. If the question set out in sec. 8 of this Act is approved by the qualified voters of the state who vote on the question, the Alaska Housing Finance Corporation may issue not more than the principal amount of $400,000,000 of its revenue bonds that are unconditionally guaranteed as to principal and interest by the state, the proceeds of which shall be expended by the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans under AS 18.56.

* Sec. 7. As used in this Act a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may be subsequently defined under the Mortgage Subsidy Bond Tax Act of 1980.

* Sec. 8. The question of whether or not the state guaranty of bonds referred to in this Act shall be made shall be submitted to the qualified voters of the state at the first general election after the effective date of this Act and shall read substantially as follows:

PROPOSITION

State Guaranteed Veterans Resident

Mortgage Bonds $400,000,

Shall the State of Alaska unconditional as a general obligation of the state, t of principal and interest on revenue bo Alaska Housing Finance Corporation issu principal amount of not more than $400, the purpose of purchasing mortgages mad dences for qualifying veterans, as defi

Bonds Yes [ ]

Bonds No [ ]

* Sec. 9. The state may not guarantee bonds under voters of the state approve an amendment to art. IX, tution of the State of Alaska that allows the state housing loans for veterans.

* Sec. 10. If the voters of the state do not app art. IX, sec. 8 of the Constitution of the State of state to contract debt for housing loans for veteran proposed amendment appears on a general election ball Act are repealed.

* Sec. 11. Sections 5 - 10 of this Act take effect Twelfth Legislature of a version of a resolution th constitutional amendment to art. IX, sec. 8 of the Co of Alaska to allow the state to contract debt for hous on a general election ballot for approval by the vo

* Sec. 12. Sections 1 - 4 of this Act take effect dance with AS 01.10.070(c).

PROPOSITION

State Guaranteed Veterans Residential

Mortgage Bonds $400,000,000

Shall the State of Alaska unconditionally guarantee as a general obligation of the state, the payment of principal and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than $400,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined by law?

Bonds Yes [ ]

Bonds No [ ]

* Sec. 9. The state may not guarantee bonds under this Act unless the voters of the state approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska that allows the state to contract debt for housing loans for veterans.

* Sec. 10. If the voters of the state do not approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska that allows the state to contract debt for housing loans for veterans the first time the proposed amendment appears on a general election ballot, secs. 5 - 8 of this Act are repealed.

* Sec. 11. Sections 5 - 10 of this Act take effect on the adoption by the Twelfth Legislature of a version of a resolution that places a proposed constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans, on a general election ballot for approval by the voters of the state.

* Sec. 12. Sections 1 - 4 of this Act take effect immediately in accordance with AS 01.10.070(c).

Asper
5/5/83

Original sponsor: Rules/Governor

FILE COPY

Attn: Uehling

IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

CS FOR HOUSE BILL NO. 385 (Loans)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the issuance of tax-exempt, state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; and providing for an effective date."

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

* Section 1. For the purpose of assisting the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of the Alaska Housing Finance Corporation are unconditionally guaranteed as to principal and interest by the state in the principal amount of not more than $500,000,000. The full faith, credit, and resources of the state are pledged to the payment of the principal of and interest on these bonds, and the principal of and interest on the bonds are secured by the general obligation of the State of Alaska. A statement of this pledge must be printed on the face of the bonds and must be signed in manual or facsimile form by the governor. The provisions of AS 37.15 do not apply to the bonds. The bonds shall be sold by the Alaska Housing Finance Corporation under AS 18.56 at public sale in amounts and at times approved by the state bond committee. The guarantee authorized by this section is in addition to the guarantee authorized by sec. 5, ch. 35, SLA 1982.

* Sec. 2. If the question set out in sec. 4 of this Act is approved by the qualified voters of the state who vote on the question, the Alaska Housing Finance Corporation may issue not more than the principal amount of

$500,000,000 of its revenue bonds that are unconditionally guaranteed as to principal and interest by the state, the proceeds of which are to be expended by the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans under AS 18.56. The authorization in this section to issue bonds is in addition to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA 1982.

* Sec. 3. As used in this Act, a qualifying veteran is a person who is a "qualified veteran" as that term is defined or may be subsequently defined under 26 U.S.C. 103(A) (Mortgage Subsidy Bond Tax Act of 1980).

* Sec. 4. The question of whether the state guaranty of bonds referred to in this Act shall be made shall be submitted to the qualified voters of the state at a special election to be held on November 8, 1983, and shall read substantially as follows:

PROPOSITION

State Guaranteed Veterans Residential
Mortgage Bonds $500,000,000

Shall the State of Alaska unconditionally guarantee as a general obligation of the state, the payment of principal of and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than $500,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined by law?

Bonds Yes [ ]

Bonds No [ ]

* Sec. 5. The director of the division of elections shall conduct a special election on November 8, 1983, to present to the voters the question described in sec. 4 of this Act. The director shall conduct the special

election in accordance with the procedures generally applicable to general elections under AS 15.

* Sec. 6. This Act takes effect immediately in accordance with AS 01.-10.070(c).

RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

12/12/89
Date

SCOMM

#34:15

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

CAPITOL BUILDING, ROOM 500
Pouch V
Juneau, AK 99811

907-465-4984

DATE: May 10, 1983

TO: Rep. Rick Uehling, Chairman
House Special Committee on State Loans

FROM: Rep. Robert Bettisworth, Chairman
Legislative Budget & Audit Committee

SUBJECT: House Bill 392

The above referenced bill was designed to meet a potential need for short term operating funds by Miners and Mining Companies adversely impacted by the recent bankruptcy of [illegible]lta Smelting and Refining Co., Ltd.

FILE COPY

It has become apparent, based on [illegible] commitment from Paul Arnold, Director of the Division of Business Loans and Veteran's Affairs, that any such need can be met within the State's existing mining loan program. Mr. Arnold's commitment has assured me that applications of affected Miners will be given a top priority, and that a minimum of application paperwork will be required.

Based on Mr. Arnold's commitment, I intend to withdraw HB 392 because it does not appear necessary at this time. I, therefore, request that your Committee take no further action on this bill.

Thank you.

Robert Bettisworth

Rep. Robert Bettisworth, Chairman
Legislative Budget & Audit Committee

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

DIVISION OF INVESTMENTS--465-2510

May 10, 1983

Honorable Robert H. Bettisworth
Alaska House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Bettisworth:

Thank you for the opportunity to discuss alternatives to HB 392 which would provide emergency operating funds to certain miners.

As discussed with Steve Frank of your office, these mining loans can already be made under existing statutes with the following exceptions:

FILE COPY

1. There is virtually no limit on the loan value,

2. collateral is required, and

3. five years' mining/prospecting experience is required.

I believe the intent of your bill is to ensure that operating capital is made available to qualified/affected miners in an expeditious manner.

As stated earlier, I believe the vehicle to do this already exists under current statutes. In addition, I have directed our Fairbanks office to assign a priority to the processing of these loans consistent with the intent of your bill and with the exceptions noted above.

I am also extending loan approval up to $25,000 to our Fairbanks office for these specific mining loans. This will preclude convening a loan committee and should expedite the loan process. I believe we can process loans under these circumstances within one to two weeks. In addition, at the request of Commissioner Lyon, we intend to publish newspaper ads alerting affected individuals to the services provided by all our regional offices and, in particular, our Fairbanks office.

I would like to express my appreciation to you for bringing this sensitive issue to our attention. If I can be of further assistance in this matter, please do not hesitate to contact me.

Sincerely,

Paul B. Arnoldt

Paul B. Arnoldt
Director

PBA/valE32

cc: Richard A. Lyon, Commissioner

MEMORANDUM

TO: Representative Rick Uehling
FROM: William Lovell, Staff
DATE: May 9, 1983, 2:00 p.m.

RE: HB 392, relating to emergency loans for miners

The check list below indicates the work so far completed in preparation for the Loans Committee hearing on House Bill 392, scheduled to be heard at 5:30 today.

X Five-day notice given

X Floor announcement prepared

X Floor announcement presented

X Each committee member's office notified

X Each committee member's office notified a second time

X Fiscal note obtained

\- Fiscal note distributed

X Sectional analysis completed

\- Sectional analysis distributed

X Background material obtained: memo from Rep. Bob Bettisworth, working paper, fiscal note, article from paper

\- Background material distributed

X Packets prepared: agenda, bills, minutes, meeting

X Witnesses contacted: Rep. Bettisworth, DCED

/wtl
Attachment

SHORT ANALYSIS OF HB 392

by Steve Frank, Rep. Bettisworth's staff

This Bill is designed to loan temporary operating funds to Miners adversely impacted by the recent bankruptcy of Delta Smelting & Refining Co., Ltd. Many Miners and Mining Companies had gold on deposit and will not be able to resume mining this Spring without a simple, quick source of operating capital. Use of proceeds will be limited to fuel and other supplies necessary to begin this season's mining operations. Equipment and other long term investment will not be eligible for loan funds.

The Bill is designed to provide a simple application process that will be quick and uncumbersome. Time is of the essence, due to the short mining season.

EMERGENCY WORKING CAPITAL MINING LOAN PROGRAM

A. QUALIFICATIONS

1. Residents of State of Alaska, Partnerships and Corporations 51% owned by residen

2. Miner or Mining Company verified by signed affidavit (Notorized) showing location of Mine, and how long they have been there, and signed by one witness.

3. Credit verification.

B. LOAN AMOUNT

100% of amount claimed as a creditor to Delta Smelting & Refining Company, Ltd. Not to exceed $25,000 and not less than $1000,00 (amount must be verified by the list prepared by the trustee in bankruptcy).

C. LOAN PURPOSE - WORKING CAPITAL

1. Repayment principal and interest by 12-31-83.

2. Interest rate - 10% per annum.

D. COLLATERAL - NOT REQUIRED

E. SHOW INTENT FOR MINING THIS SEASON

F. PROGRAM ADMINISTRATION

Direct lending through State of Alaska Mining Loan Fund.

Dan Barrett of Delta Smelting recognized $2.3 million in Alaskan names. Total shoul be between $2.5 and $3 million. Canadian Dollars.

About 140 claims.

About 100 over $1,000.00.

80 less than $25,000.00.

12 between $25,000.00 and $50,000.00. 3 between $50,000.00 and $100,000.00, 5 over $100,000.00.

CLAIMS OVER $100,000.00

1.	Au Placer, Inc.	293M
2.	Little Creek Mining	174M
3.	Richard Wilmarth	103M
4.	Mr. & Mrs. R.E. Frith	109M
5.	Charles E. Stout	111M
		790M

...rket value index, up 6.72 at 4...31.

...rysler to pay debts early

...TROIT — Chrysler Corp. said Thursday ...t it would pay back $400 million in ...derally guaranteed loans next month, seven ...rs ahead of schedule. The announcement ...ggered a demand by a top United Auto ...orkers official that contract talks be ...opened so Chrysler workers can receive an ...mediate pay increase. The current labor ...reement between Chrysler and the union ...es not expire until January. But a UAW ...ficer said Chrysler's return to profitability, ...reflected in the early loan repayment, ...stifies a re-opening of the agreement.

...xecs bullish on economy

...EW YORK — Business executives are ...creasingly confident that the recession is ...ver and that a sustained recovery is under ...ay, a survey said Thursday. Of the 602 ...xecutives interviewed by Louis Harris and ...ssociates, a public opinion firm, 77 percent ...aid they expected a "modest" recovery in ...he next 12 months. Twenty-one percent said ...hey expected a "solid" recovery, the survey ...aid. Only 2 percent foresaw no recovery or a ...deterioration of economic conditions. Louis ...Harris, whose firm conducted the survey for ...InterNorth Inc., told a news conference that ...23 percent of the executives polled last December had expected a modest recovery in 1983 and 5 percent expected a solid recovery.

Judge delays 'milk tax'

COLUMBIA, S.C. — A federal judge Thursday temporarily barred the government from collecting 50 cents for every hundred pounds of milk produced by the nation's farmers. U.S. District Judge Matthew Perry said the injunction will remain in effect until May 25, when he will issue a final opinion on the case filed by the state of South Carolina and seven dairy groups against U.S. Agriculture Secretary John Block. USDA had planned to start charging the country's 250,000 dairy farmers on Sunday. Congress empowered Block to impose the fee to make dairy farmers help pay for government purchases of surplus milk.

Rich rancher sues Seafirst

SAN ANTONIO, Texas — Clinton Manges, a wealthy south Texas rancher, filed a countersuit in state court against Seattle-First National Bank, seeking $1.5 billion in damages for a dispute over $40 million in loans.nges' filed his suit after Seattle-First National Bank filed a $100 million suit in federal court Wednesday contending the rancher had defaulted on the loans. The millionaire rancher charged the bank with "misappropriation of funds, improper banking practices, slander and libel."

AMC to launch China venture

...— American Motors Corp. signed a ...

...group's ...

Waters, a former chamber president who now serves as executive ... ment unit of the chamber. ... said this could grow into "a new ...istrat...

Alaska miners hit by Canada smelter default

By ROBERTA GRAHAM
Daily News business reporter

5/16/83

A Canadian smelting firm was forced into bankruptcy Thursday after an overwhelming majority of creditors — including as many as 300 Alaska miners — voted down the company's plan to reorganize its debts.

The fate of Delta Smelting and Refining Co. Ltd., Richmond, British Columbia, and its Alaska smelting subsidiary in Fairbanks, concerns smaller miners in the state who have $1 million to $2.4 million in precious metals on deposit.

Company President David Seed said a run on metal withdrawals by depositors forced the firm to file for bankruptcy.

Tony Liebert, of Campbell Sharp Ltd., Vancouver, and the smelting firm's trustee, said Delta Smelting had between $500,000 and $600,000 in its vaults but demand for money exceeded $3 million.

He said an investigation was launched at the federal and provincial level immediatly after the vote to reject the plan to determine if the company violated securities laws.

Liebert said the Royal Canadian Mounted Police Commercial Crime section, and the federal and provincial Departments of Consumer and Corporate Affairs will begin investigating Seed and other company officials to determine whether:

- the company deposited clients' precious metals into a Swiss bank account;
- corporate auditors were negligent; or
- employee bonding rules were violated.

Under Canadian law, creditors must vote to approve a plan before a company is allowed to reorganize its debts. Delta Smelting filed its reorganization proposal — which called for some of its debts to be forgiven — on April 11. Creditors met Wednesday to vote on the reorganization plan.

Liebert said any plan to reorganize — under Canadian law — must pass by a simple majority vote and by 75 percent of the dollar value held by creditors.

When the votes were tallied, he said, the plan had won the simple majority vote with 479 creditors voting to accept it and 399 voting to reject it. But the plan failed the second test when those holding $6.65 million rejected it and those with $2.85 million voted to accept it.

"There were between 400 and 450 people there to testify ... and almost every speaker spoke against the plan," Liebert said. "There were a lot of angry miners there.

"As a result of the vote, we've seized the plant. We'll be winding down operations and looking for a buyer," he said.

The next step will be to investigate corpo-

See Page B-9, SMELTER

Getting in on ...

Leonard Wagner, a ... story, $8 million Alas... for completion in No... Highway at 36th Stre...

Senate Natural Resources subcommittee took up the issue less than two weeks ago, Crowell did not appear because no decision had been reached.

That prompted Sen. Mark Hatfield, R-Ore., and others to blast President Reagan for insensitivity to the economic plight of a region he visited only weeks earlier and pledged to help.

At issue is an economic crisis in Washington, Oregon, California and northern Idaho resulting from the large num-

When the bottom dropped out of the housing market three years ago, lumber companies in the region, having bid premium prices for the right to federal timber during the frenzied days of the late 1970s building boom, were left holding contracts they could no longer afford to fulfill.

The situation has tied up as much as 16.6 billion board feet of federal timber worth more than $5 billion and is forcing many of the companies holding those high-priced

business

contracts to the brink of bankruptcy.

Officials in and out of government acknowledge that if the companies are forced to live up to their contracts, they would be driven out of business and the government left with no revenue from the defaulted contracts.

Congress has been talking about the problem for more

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Smelter

Continued from Page B-9

rate proceedings and determine the fate of the company's subsidiary, including the Fairbanks smelting outlet.

Dan Barrett, Fairbanks regional manager, was still in Vancouver and could not be reached for comment.

Sandra Thomas, Delta Smelting's agent in Anchorage, said she was unaware of the vote and declined to comment on the fate of the local office.

But Liebert said it is unlikely that unsecured creditors will recoup more than 10 cents on the dollar invested.

"There's about $500,000 to $600,000 in precious metals in the company's vault right now. And there are $3 million plus in claims against it. Whether the creditors ever get their money back is the question," he said.

Owners of several larger Alaska mining operations said they became suspicious of Delta's operations and decided to pull out the metals they had on deposit.

But hundreds of independent gold miners may be left with nothing, leaving them out in the cold during the 1983 mining season, Liebert said.

PUBLIC NOTICE

OPEN BURN PERIOD FOR SPRING CLEAN-UP ANNOUNCED

Open burning for the disposal of small quanitites of grass, leaves, weeds and other organic debris will be allowed during a ten (10) day period from May 6, 1983 to May 15, 1983, within the Anchorage Bowl area only. The burn period days are subject to daily approval by both the Anchorage Air Pollution Control Agency and the Anchorage Fire Department.

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SECTIONAL ANALYSIS OF HOUSE BILL 392
by Bill Lovell, Staff

Section 1. This section allows the Department of Commerce and Economic Development to make emergency loans from the mining loan fund, in addition to other kinds of mining loans, according to the following guidelines:

1. Eligibility. To be eligible, a miner or mining business must

   A. have entrusted precious metal to the Delta Smelting and Refining Company, Ltd. (a Canadian firm that has declared bankruptcy);

   B. be an Alaskan resident or a corporation in which a controlling interest is owned by Alaskans;

   C. hold an official Alaskan mining license;

   D. be engaged in mining in Alaska; and

   E. maintain a working interest in a mine or claim.

2. Restrictions. Loans made under the provisions of this section

   A. may not be less than $1000;

   B. may not exceed the value of the precious metal entrusted to Delta Smelting and Refining, Ltd;

   C. may not exceed $25,000;

   D. shall bear 10% interest; and

   E. must be repaid with interest by January 1, 1984.

3. Eligible miners may not receive more than 1 emergency mining loan.

4. Collateral is not required for these loans. [Subject to amendment]

5. Miners or mining companies must submit a specific form in order to receive the loan. The form must include

   A. credit verification;

   B. proof of residency;

C. proof of intention to mine a certain claim in Alaska this year;

D. statement of assets and liabilities; and

E. proof of deposit of metals with Delta Smelting and Refining.

5. The DCED may adopt regulations. A definition of precious metals is provided.

Section 2. Omitted.

Section 3. This section provides that the act takes effect immediately.

/wtl

RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

12/12/89
Date

SCOMM

34:16

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821

REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NIILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

Memorandum

To: Rep. Walt Furnace

From: Rep. Rick Uehling RAU

Subject: Committee Meeting - Wednesday, January 25,

Date: January 24, 1984

Please find attached HB 476, and materials related to it, including a letter from it's sponsor, Rep. Terry Martin.

This Bill is scheduled to be heard before the Loans Committee tomorrow, January 25, 1984 at 5 o'clock.

It would be very helpful if the members can be prompt as we have a 30 minute Teleconference hookup with the office of the Alaska Housing Finance Corporation in Anchorage between 5 and 5:30 only.

See you then.

JAN 24 1984

Alaska State Legislature

REPRESENTATIVE
TERRY MARTIN
DISTRICT 6
CHAIRMAN—LABOR AND COMMERCE COMMITTEE
PHONE 465-3873

3960 REKA DRIVE—86
ANCHORAGE, AK 99504
PHONE 333-6990

DURING LEGISLATURE
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
PHONE 465-3784

MEMORANDUM

To: House Special Committee on Loans

From: Representative Terry Martin TMM.

Date: January 23, 1984

Subject: HB 476
"An Act relating to interest rates on housing loans made or puchased by the Alaska Housing Finance Corporation; and providing for an effective date."

Alaska has for many years shown a commitment to granting its veterans lower interest rates on housing loans. However, there has been a great deal of disparity in how we treat residency requirements in granting an interest reduction to veterans. Currently, there is no residency requirement for the veterans preference on mortgage loans. But prior to July, 1982, the State required five years' residency before veterans could qualify for the reduction.

I was unaware of this disparity until approached by constituents who feel they may have been unfairly denied the 1% interest reduction. One man who approached me said he had lived in the state for several years, but less than five years, and so was denied the preference. However, a short time later, after the law was changed, a person who had been in the state a very short time received the preference, simply because he had moved here after 1982. The man who brought the matter to my attention felt that he and others in that period of time had been overlooked, and asked if the residency law should not have been made retroactive.

That is the intent of this bill: to offer veterans who were denied the 1% interest reduction a chance to share in this benefit, retroactive to the date their loans were approved. I urge your careful consideration of this legislation. Please don't hesitate to contact me if you have any questions.

JAN 24 1984

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 476
Title: Interest Rates on Housing Loans
Sponsor: Martin
Requestor: Martin
Date of Request: January 9, 1984

FISCAL DETAIL
Agency Affected: Department of Revenue
Program Category Affected: Economic Development
BRU, Program or Subprogram(s) Affected: Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL	21,851.0					
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Mark K. Cameron — Phone: 276-5599
Division: Alaska Housing Finance Corporation — Date: January 23, 1983

Approved by Commissioner: [signature] — Date: 1/24/84
Agency: Dept of Revenue

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

ALASKA HOUSING FINANCE CORPORATION

Analysis of Interest Rate Reduction for Veterans Mortgages
Where the Borrower Did Not Meet the Residency Requirements

($ Millions)

Mortgage Loan Activity 6-1-80 through 8-1-82		$1,400
Estimated Veterans	(1) 36%	
Veterans meeting residency requirements	21%	
Percent mortgages potentially qualifying for interest rate reduction		15%
		$ 210
Retroactive Interest Rate Reimbursement $210 million with average first payment date of September 1, 1981 paid through July 1, 1984. Average interest rate of 10.85% reduced to 9.85%. $156.45 per month x 35 months		(2) $ 5.476
Prospective Application of Rate Reduction 325 remaining payments of $156.45 per month discounted at existing average mortgage rate of 10.85%		16.375
Total Cost of Rate Reduction		$21.851

NOTES

(1) Mortgage demand in veterans program lacking residency requirements.

(2) May represent taxable income to the mortgagor to the extent interest expenses were previously claimed.

sei-g8.2

1983

(1) grants and contributions to the fund; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

(d) The corporation may receive and accept from any source whatever any grants or contributions for the housing development fund.

(e) Repealed by § 72 ch 113 SLA 1982.

(f) Repealed by § 72 ch 113 SLA 1982.

(g) Repealed by § 72 ch 113 SLA 1982.

(h) Repealed by § 72 ch 113 SLA 1982.

(i) Repealed by § 72 ch 113 SLA 1982.

(j) Repealed by § 72 ch 113 SLA 1982.

(k) Repealed by § 72 ch 113 SLA 1982. (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972; am § 28 ch 106 SLA 1980; am §§ 25 — 27, 72 ch 113 SLA 1982)

Effect of amendments. — The 1982 amendment in subsection (a), substituted "housing development fund" for "special revolving loan fund to be known as the 'housing development fund'"; in subsection (b), deleted the paragraph designations, deleted the provisions of former paragraphs (1) and (2), which read, respectively, "defray development costs of sponsors, builders, and developers of residential housing" and "provide to persons of lower and moderate income who are applying for mortgages, the amounts required to make down payments and pay closing costs and to housing owners the amounts applied for partial rental payments and mortgage interest payments under AS 18.56.090(4); or", and substituted "loans which are not federally insured or guaranteed for" for "and construction loans which are not federally insured or guaranteed to sponsors, builders, purchasers and developers of land development or"; and in subsection (c), deleted "and the proceeds of sale of fund notes" following "to the fund" in paragraph (1). The amendment also repealed subsection (e), which read "The corporation may provide for the issuance, at one time or from time to time, of housing development fund notes for the purposes of providing money for the fund" and repealed subsections (f)-(k) as set out in the main pamphlet.

Editor's notes. — Section 74, ch. 113, SLA 1982, provides: "The repeal of AS 18.56.100(e)-(k) in sec. 72 of this Act does not invalidate housing development fund notes issued under AS 18.56.100(e)-(k) before June 25, 1982."

Sec. 18.56.101. Eligibility for veterans' interest rates. The following persons are eligible veterans for the purposes of AS 18.56.098(g) and (h):

(1) a person who served in the armed forces of the United States for 90 days or more, or whose service was for less than 90 days because of injury or disability incurred in the line of duty, after April 6, 1917, whose discharge was under honorable conditions;

(2) the widow or widower of a member of the armed forces or an eligible veteran if the member or veteran served in the armed forces for at least 90 days after April 6, 1917 and the veteran's discharge was under honorable conditions;

(3) a person who has served for not less than five years in the Alaska Army National Guard, or the Alaska Air National Guard, or a reserve

unit of the United States armed forces if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year and whose discharge was under honorable conditions. (§ 29 ch 106 SLA 1980; am § 8 ch 115 SLA 1981; am § 9 ch 102 SLA 1983; am § 12 ch 67 SLA 1983)

Effect of amendments. — The first 1983 amendment, effective July 16, 1983, rewrote this section.

The second 1983 amendment, effective July 28, 1983, made the same changes as the first 1983 amendment and also deleted "the Alaska Naval Militia" following "Alaska Air National Guard" in paragraph (3).

Sec. 18.56.110. Bonds and notes. (a) The corporation, by resolution, may issue bonds and bond anticipation notes in order to provide funds to carry out and effectuate its purposes.

(b) The principal and interest on these bonds or notes, except state guaranteed bonds, is payable from corporation funds, excluding funds in the housing development fund. The principal and interest on state guaranteed bonds is payable from corporation funds, excluding funds in the housing development fund, and in accordance with the terms of the state guaranty of principal and interest. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, such notes may be paid from other funds or assets of the corporation. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution or person, or a pledge of money, income, or revenues of the corporation from any source. The corporation may issue state guaranteed bond anticipation notes in anticipation of the sale of state guaranteed bonds to be issued under this chapter. State guaranteed bond anticipation notes are guaranteed as to principal and interest by the state and secured by the full faith, credit and resources of the state.

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form, be payable from the sources in the medium of payment and place or places within or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the corporation may provide. Bond anticipation notes shall mature at such time or times as may be determined by the corporation. Bonds shall mature at such time, not exceeding 50 years from their date, as may be determined by the corporation. Before the preparation of definitive bonds or bond anticipation notes, the corporation may issue interim receipts or temporary bonds

Previous section

(4) security for repayment shall be specified and shall be upon terms and conditions as the corporation considers necessary or practicable to insure all repayments. (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972; am § 28 ch 106 SLA 1980)

Effect of amendments. — The 1980 amendment, in subsection (e), substituted "money" for "funds" following "purposes of providing" and deleted the former second through fifth sentences of that subsection which read: "The commissioner of revenue is authorized to purchase fund notes with surplus funds in the state treasury. Before submission of the executive budget to the legislature, the commissioner of revenue shall annually recommend to the governor the anticipated amounts of surplus funds available for purchase of fund notes in the fiscal year encompassed by the budget. In making his recommendation to the governor, the commissioner of revenue shall consider the expenditure and revenue projections contained in the most recent revenue source document prepared for and submitted to the legislature by the administration. If the governor agrees with the recommendation of the commissioner of revenue, he shall forward the recommendation to the corporation.

Sec. 18.56.101. Eligibility for veterans' interest rates. The following persons are eligible veterans for the purposes of AS 18.56.098(g) and (h):

(1) a person who served in the armed forces of the United States for 90 days or more, or whose service was for less than 90 days because of injury or disability incurred in the line of duty, after April 6, 1917,

(A) who at the time of induction into the service was a resident of the territory or state, who had been a resident for not less than one year immediately before his induction, and who returned to the territory or state within one year after discharge as a resident with the intention of remaining in the territory or state; or

(B) who, not being a bona fide resident of the territory or state at the time of entry into the service, has been a resident of the territory or state for at least one year at the time of the loan application and has been a resident of the territory or state for at least five years; and

(C) whose discharge was under honorable conditions;

(2) the widow or widower of a member of the armed forces of an eligible veteran if

(A) the member or veteran was a resident of the territory or state for one year before induction into the service;

(B) the member or veteran served in the armed forces for at least 90 days after April 6, 1917; and

(C) his discharge was under honorable conditions;

(3) a person who has served in the Alaska Army National Guard, the Alaska Air National Guard, or the Alaska Naval Militia or who has served in a reserve unit of the United States armed forces in Alaska if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year for not less than five years and whose discharge was under honorable conditions. (§ 29 ch 106 SLA 1980; am § 8 ch 115 SLA 1981)

SPONSOR: ~~Rep.~~ House Loans Committee
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T/C DATE/DAY: Wed - Jan 25.

TIME: Alaska 5-5:30pm.

SUBJECT: HB 476 - Interest Rates on AHFC Loans

MAILING ADDRESS:

DATE TAKEN/BY: Lmh 1/23.

JUNEAU ROOM: 118 / Resources

PHONE: 4821 CONTACT: Alaire

2 sites.

SITES PARTICIPATING:

North Slope
Anaktuvuk Pass
* Barrow
Kaktovik
Point Hope
Wainwright

Interior
* Delta Junction
* Fairbanks
** Fort Yukon
Galena
* Glennallen

Nana
Ambler
* Kotzebue
Noorvik
Selawik

Bristol Bay Aleutians
* Bethel
* Dillingham
St. Paul
Sand Point
** Unalaska
Togiak
Toksook
Naknek
Newhalen

South Central
* Anchorage
* Homer
* Kenai (Sol)
* Kodiak
* Mat-Su
* Seward
* Valdez

Norton Sound
Gambell
Hooper Bay
* Nome
Savoonga
Shishmaref
** Unalakleet

Southeast
Cordova
* Haines
Hoonah
* Juneau
* Ketchikan
* Petersburg
* Sitka
Wrangell
Yakutat

ALL ALASKA

ALL LIO's

ALL LIO's, OTHER SITES WELCOME WITH PRIOR NOTIFICATION

Chairing Site/person: Rep. Uehling, Jnu

Special Offnet Location/Phone #: 276.5396. ~~276-5599~~
AHFC Office.
ask for René Devereaux
or ~~Janet~~ Klein
Dana

They have speaker phone + conference set.

Alaire E. Stanton for House Loans

☐ This teleconference is an advertized public hearing required to meet the public hearing laws.
SIGNATURE OF SPONSOR/CONTACT PERSON DATE

------TELECONFERENCE OFFICE USE ONLY------

2-Wire ✓ 4-Wire ____

Publicity:

____ Local calls/list attached

____ Media/P.S.A. attached

Can Expect:

____ Lengthly Back-up

Teleconference - 1/25 5 pm.
-4980
Linda. - Dial into their number 276-5599.
One site for 1/2 hr. only.
Invitational phone call & work session.

HB 476-

Rep. Martin - Background
Perhaps we can shorten the
retroactive period & 2 yrs or so.
& when the Hammond Adm. did
away with the Veterans program.
Fiscal note could be adjusted if the
years were shortened.

?'s on Fiscal impact being justified
?'s on Implementing this rebate.

? on whether it should be just from this date
& not retroactive - Say just signing a
new mortgage as of this date -

Statement on bringing old loans up to equity -
Fiscal note being based on averages, not on
actual loans - Might be considerably less.

Mark Cameron
Fiscal note - maximum amount based
on ratios.
Interpretation on who should benefit.

Mike Lynch - not a lot of calls -
AG's opinion & leave in place contracts

? To A.H.F.C.

Mike Lynch - payments probably would have to be reported to the IRS. & 1/2 - 1/3 would go to the IRS in taxes.

[Agreement with Bond holders to not accelerate prepayments.]

? from Wendte - on A.H.F.C. position on Bill. Ans. They really don't have an opinion.