

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1167 SCOMM 34: HOUSE SPEC. COMMITTEE ON STATE LOANS 1983-84

Operation Loan Requests - During the start up period of each hatchery, until broodstock and surplus returns can be built to capacity, assistance in meeting the annual operating costs will be given in the form of operating loans. Without these loans most facilities would be forced to close their doors.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 80,000
Armstrong-Keta, Inc. (Port Armstrong)	251,000
Cook Inlet Aquaculture (Eklutna Lake)	130,000
Douglas Island Pink & Chum (Sheep Creek)	5,000
Kake Nonprofit Fishery (Gunnuk Creek)	70,000
Meyers Chuck Aquaculture Association	98,000
Nerka, Inc (Perry Island)	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	300,000
Northern Southeast Regional Aquaculture Association (Medvejie)	210,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	500,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	200,000
Tlingit Haida Fisheries (Sandy Bay)	230,000
Valdez Fisheries Development (Solomon Gulch)	450,000
Additional Requests and Increases	300,000
Total Operation Loans (FY '85)	\$ 2,968,000

Capital Improvement Loans - These loans are to be made to existing facilities who are building in phases or purchasing capital items to bring a facility to its maximum permitted potential.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 300,000
Armstrong-Keta, Inc. (Port Armstrong)	85,000
Cook Inlet Aquaculture (Eklutna Lake)	200,000
Kake Nonprofit Fishery (Gunnuk Creek)	85,000
Meyers Chuck Aquaculture Association	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	500,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	50,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	150,000
Valdez Fisheries Development (Solomon Gulch)	300,000
Total Capital Improvement Loans	\$ 1,714,000
Northern Southeast Regional Aquaculture Association (Medvejie)	1,625,000
	<u><u>\$ 3,339,000</u></u>

Operation/Construction Loans

Prince William Sound Aquaculture Association (Esther Lake)	\$10,000,000
Meyers Chuck Aquaculture Association	600,000
	<u><u>\$10,600,000</u></u>

CS HB 650

Sec. 9

LOAN REVOLVING FUND STATUS

MARCH 1, 1984

Balance Forward	\$4,725,019.86
FY84 Appropriation	60,000,000.00
Program Receipts	
Principal	3,092,924.13
Interest +	647,424.08
Pending	609,925.44

\$69,075,343.51

LOAN AWARDS (March 2, 1984)

<63646,003.24>

Balance

\$5,429,340.27

Federal Receipts (GSL)

398,538.12

\$5,827,878.39

PROJECTED AWARDS (THRU SUMMER)

1,100 loans @ \$2,300

<2,530,000.00>

Balance

\$3,297,878.39

PROJECTED PROGRAM RECEIPTS

(TWO MONTHS)

935,087.05

\$4,232,965.44

FY85 16,000 loans @ \$4,900 = \$78,400,000

Receipts (est.)

<9,929,389>

\$68,470,611

Carry-Over

<4,000,000>

64,470,611

G.F. Need $\approx$ \$64.0 MILLION

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

OFFICE OF THE GOVERNOR

POUCH AM
JUNEAU, ALASKA 99811
PHONE: (907) 465-3558

OFFICE OF MANAGEMENT AND BUDGET DIVISION OF BUDGET REVIEW

March 8, 1984

The Honorable Albert P. Adams
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

LOANS -
SEE pg 6.

Dear Representative Adams:

Subject: FY 85 Operating and Loan Budget Amendments for
the Department of Commerce and Economic Development

Please amend the Governor's FY 85 operating and loan budgets for the Department of Commerce and Economic Development to accommodate changes to the following Budget Request Units (BRUs) and programs:

Operating Budget

1. Insurance BRU increase of \$45,000 in general funds for investigations and examinations.

The Division of Insurance included \$45,000 in program receipts in its FY 85 budget request using as authority AS 21.06.160, which allows the Division to allocate examination costs to examinees. This request was not included in the Governor's budget because of questions regarding the Division's authority to receive these reimbursements as program receipts. Consequently, the Division's budget was allocated a \$45,000 reduction, \$24,400 in personal services, \$15,600 in travel, and \$5,000 in contractual services. Approval of this budget amendment will have the effect of restoring the Division's budget to the Department's original request.

If this request is not approved the result will be an increase of the Division's vacancy assessment from the desired level of 3% to 5.8% which may require the Division to leave positions vacant during FY 85, a reduction in travel which is key to the number of investigations and examinations

that can be conducted, and a reduction in contractual services for the professional assistance of auditors during the investigative process.

No other agency has the responsibility or the expertise to conduct these investigations. It should further be noted that all examination and investigation costs are recoverable by the Division and will be deposited in the General Fund.

2. Tourism BRU reduction of \$110,000 in general funds for cooperative State/federal visitor centers.

The Governor's original budget contains \$200,000 in general funds which have been added to the Tourism Division for the State's share of joint State/federal visitor information centers in Anchorage and Fairbanks. Recent correspondence from the U.S. Department of Interior, National Park Service, indicates that only \$90,000 will be required from the State in FY 85.

3. Alaska Public Utilities Commission (APUC) addition of two full-time positions which will be funded through vacancy and turnover.

This net-zero budget amendment will add an administrative support technician and a hearing officer to the APUC. Both will be funded from vacancy and turnover during FY 85. The APUC's current budget includes no vacancy assessment. The addition of these two positions at a cost of \$78,100 will establish a vacancy factor of approximately 3%. A review of the historical vacancy factor applied in previous budget years to the APUC suggests that the application of a 3% vacancy factor would be appropriate.

The addition of these positions is important to the Commission's ability to process an expanded caseload and to the improvement of the quality and efficiency of the APUC's order writing function.

4. Real Estate Commission transfer of \$67,000 to personal services and \$20,000 to travel from the contractual line item.

The purpose of this amendment is to add funds for a full-time hearing officer to eliminate the need to contract for private attorneys for Real Estate Commission hearings, and to transfer additional funds to the travel line item to reflect the actual travel requirements for Real Estate Board

meetings in FY 85. The additional funds are available for transfer to the travel line item due to costs savings which will be incurred through the use of a dedicated in-house hearing officer.

This amendment was not included in the Department's original budget because it was not until February 22, 1984, that the Department of Law notified the Commission that it had the legal authority to employ an in-house hearing officer. A copy of a memo from the Attorney General's office approving the Commission's request is enclosed.

5. Alaska Power Authority (APA) addition of 13 full-time positions and \$887,700 in general funds to the Administration Component; reduction of one full-time position and \$42,700 in general funds from the Power Cost Assistance component; and increase of 13 full-time positions and \$1,065,600 interagency receipts to the CIP Costs component.

This request is based on the recommendations of the management consulting firm Chas. T. Main, Inc., together with Arthur Young & Company, after an extensive management and organizational review of the APA.

As the enclosed memo from Larry Crawford, Executive Director of the APA, indicates the present organization is that of an emerging agency with relatively few people accomplishing a multitude of functions. It is now time, however, to develop an organization that can better manage power projects. The Authority needs to monitor projects, carry out some of the reconnaissance, feasibility and other technical functions, and be able to more fully evaluate the technical scope of projects and the technical competence of the contractors who carry out various tasks.

It is important for the APA to have a staff which can technically review, comment, value engineer, and add more expertise to the design and construction of power projects. This would be particularly true if Susitna were to proceed. However, even without Susitna, a project the size of Bradley Lake (90 megawatts) is beyond anything attempted to date by the APA, and will require more active input, control, and technical evaluation than any project yet attempted.

The proposed organization (copy of organizational chart is enclosed) is one in which personnel are arranged along functional lines to allow for maximum utilization of expertise within the APA, improved efficiency, and increased quality control. Some of the direct benefits of this reorganization will include a reduction in overall major project costs and increased direct State control over the development of power projects.

As the enclosed list of positions indicates, the management consultants have recommended a number of reclassifications along with the proposed new positions to set in place an effective organizational structure.

It should be noted that this request was not included in the original budget request because the consultant's recommendations were not presented to the APA Board of Directors until February 22, 1984.

6. Occupational Licensing BRU, Administration component, increase of \$110,000 in general funds for staff support to the Guide Board.

The Guide Licensing and Control Board is established under the Department of Commerce and Economic Development (DCED), Division of Occupational Licensing by authority of AS.08.54. In keeping with statutory authority and responsibility, this amendment will transfer staff support functions for the Guide Board from the Department of Public Safety, Division of Fish and Wildlife Protection, to the Department of Commerce and Economic Development, Division of Occupational Licensing.

Funding for this support is broken down into three parts. First, a full-time administrative assistant II is currently assigned to the Guide Board. The transfer of this position to Occupational Licensing will cost 52,900; however, it is only partially funded in Public Safety's FY 85 budget in the amount of \$20,000. An additional \$32,900 in excess of the amount transferred from Public Safety is therefore required by Occupational Licensing to fully fund this position in FY 85.

Second, a new clerk typist III position is required to provide necessary clerical support to the Board and to assist the licensing staff in

Board related matters. The cost of this position will be \$37,100 in FY 85.

Third, legal support for the Guide Board is currently provided by an attorney assigned to Fish and Wildlife Protection by the Department of Law. Approximately one-third of the attorney's time is spent on Guide Board matters. The total cost of the attorney in FY 85 will be \$70,000; however, the Governor's budget currently includes only \$50,000 for legal services. Therefore, an additional \$20,000 is needed by Occupational Licensing to fully fund the position in FY 85 and ensure adequate legal support for Guide Board cases.

In sum, a total of \$110,000 and two full-time positions is required by the Division of Occupational Licensing for Guide Board support in FY 85. This amount will be partially offset by the transfer of \$20,000 and one full-time position from the Department of Public Safety's FY 85 budget.

7. FY 85 Technical Budget Amendment, Department of Commerce and Economic Development, Division of Tourism.

With the concurrence of the Governor and the Alaska Visitors Association, the Department of Commerce and Economic Development, Division of Tourism requests deletion of language referring to the expenditure of \$500.0 in general funds for an Expo 86 exhibit from its FY 85 budget request.

After a careful review of the funding required to provide an exhibit of quality high enough to compete with those of other states and to adequately represent Alaska, it was determined by the Division that significantly more would be necessary for an exhibit and that the monies could be better spent on media advertising. These funds will be directed to media advertising in FY 85 to compensate for a \$1,300,000 reduction sustained in that activity in FY 84.

This budget amendment leaves unchanged the Governor's amended budget request of \$7,108,700 general funds for the Division of Tourism.

Loans Budget

1. Fisheries Enhancement Loan Program addition of \$5,335,000 in general funds.

The Governor's original FY 85 budget request included no additional funding for the Fisheries Enhancement Loan Program with the intent that the Fisheries Mini-Cabinet should make a recommendation for program funding to be submitted as an FY 85 budget amendment. After an extensive review of anticipated program need in FY 85 for operating loans, capital improvements and new construction, it has been determined by the Mini-Cabinet that an additional \$5,335,000 in general funds will be required in FY 85. The Department of Commerce and Economic Development has prepared a detailed list of aquaculture associations identified for loans in FY 85 (copy enclosed).

2. Alaska Power Authority (APA) Power Project Loan for Thorne Bay in the amount of \$275,000 in general funds.

At its February 22, 1984 meeting, the APA Board of Directors was presented and approved a request in the amount of \$275,000 for a loan to the City of Thorne Bay from the Power Project Loan Fund. The purpose of the loan will be to purchase the City's existing electrical system from the Louisiana Pacific Corporation and to acquire a back-up diesel generator.

The City currently owes \$110,000 on its existing system which is drawing monthly payments of approximately \$1,050 pending the arrangement of long term financing. The City was incorporated in 1982, and was required at that time to purchase the electrical system, then owned by Louisiana Pacific Corporation. Because of its short period of existence and limited resources the City has requested this loan to reduce the financial burden of electrical generation on the residents of Thorne Bay.

Thorne Bay's existing electrical system consists of a 500 kilowatt generator, which has less than six months useful life remaining, without back-up. The unit previously used as a back-up is inoperative and cannot be overhauled. Furthermore, new loads which are coming on line will require additional capacity as soon as possible. The City is

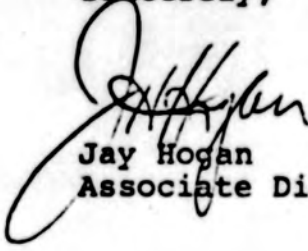
Albert P. Adams

- 7 -

March 8, 1984

planning to attempt to lease a 450 kilowatt diesel unit to provide power to the Forest Service and the Southeast Island School District. Availability of a State loan will enable the City of Thorne Bay to purchase the second diesel unit. Copies of the requests from the Alaska Power Authority and the City of Thorne Bay are enclosed.

Sincerely,



Jay Hogan
Associate Director

ems/1669

Enclosures

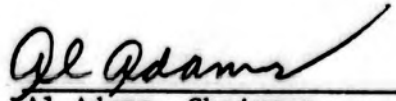
cc: Senator Jalmar Kertulla
President of the Senate

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR
COMMITTEE SUBSTITUTE FOR HOUSE BILL 650 (LOANS)

It is the intent of the Legislature that the department give priority consideration under the Alternative Technology and Energy Loan program to loan requests that evidence the greatest potential for energy savings to the applicant and the State. It is further intended that forty percent of the loan funds shall be reserved for use in areas that are not connected to a power grid or have a rate in excess of 20¢/kwh, notwithstanding or including the power cost assistance programs. In general, loan requests shall be approved based on the following priority list:

1. Solar electric generation equipment, including photoelectric cells systems;
2. wind systems;
3. hydroelectric systems;
4. woodstoves with catalytic converters and catalytic converters for woodstoves;
5. multifuel systems;
6. passive solar systems, including solar heating units and sun spaces; and
7. active solar systems, including solar collectors.



Al Adams, Chairman
House Finance Committee

Alaska HOUSING FINANCE CORPORATION



March 2, 1984

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

Dear Chairman Uehling:

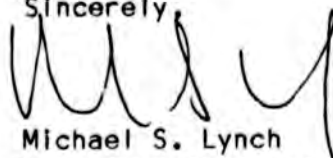
The Corporation has completed a review of the anticipated mortgage loan financing activity for FY '85 and related subsidy requirements. The initial capital budget request was based generally upon information available as of June 30, 1983, and indicated \$105 million would be necessary to continue to operate the Special Mortgage Loan Purchase Program and Mobile Home Loan Program through FY '85.

Utilizing updated information through December 31, 1983, and assumptions reflecting current financing plans the total capital budget request is revised to \$16 million. This appropriation should be made to the Alaska Housing Finance Revolving Fund. As the Corporation plans to finance the FY '85 mobile home loan activity through the sale of bonds during FY '84, an appropriation for the Mobile Home Loan Program is not being requested.

The revised budget reflects the deletion of the Home Mortgage Bond issues pursuant to current federal restrictions as well as a lower overall level of activity with total mortgage and loan commitments projected at \$1.316 billion. Detailed schedules reflecting the current budget assumptions as well as the changes from the original submission are attached as Exhibit A for your review.

If you should have any questions regarding the above or require additional information do not hesitate to contact me.

Sincerely,



Michael S. Lynch
Executive Director

MSL:de

Enclosures

Revised 2-22-84

ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM
SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS
Fiscal Year 1985

(In Millions)

	Estimated Carry-Over From FY '84	Program Repayments And Earnings	Bond Proceeds	Sales Costs	Subsidy	Subsidy Allocation	Estimated Carry-Over To FY '86	Estimated FY '85 Mortgage Demand
Taxable First Mortgage Program								
State Assisted Mortgage Bonds -								
Single-Family and Duplex		\$ 44	\$ 575	\$(11)	\$ 149	\$ 15	\$ 100	\$ 672
Triplex and Four-plex	\$ 5	25					5	25
First Mortgage Veterans' Program -								
State Guaranteed Veterans' Bonds	(27)		575	(12)	86		75	547
Mobile Home Loan Bond Program	84						14	70
Taxable Second Mortgage Program -	12						10	2
Second Mortgage Bonds								
Reserve to Complete Open Series	—	—	—	—	15	(15)	—	—
TOTAL	\$ 74	\$ 69	\$1,150	\$(23)	\$ 250	\$ -	\$ 204	\$1,316

CARRY FORWARD

Revised 2/22/84

ALASKA HOUSING FINANCE CORPORATION

Summary of Mortgage Demand and Proposed Financings
Fiscal Year 1985

250-44

(In Millions)

	<u>Mortgages</u>	<u>Investments</u>	<u>Total</u>
Beginning Balances July 1, 1984	\$ 68.000	\$ 131.000	\$ 199.000
SAM Series G Subsidy Reversion (6/1/85) <i>STATE RESERVED MORTGAGE</i>		25.000	25.000 <i>3-4 yrs</i>
Estimated Earnings of SAM Fund		10.000	10.000
Mortgage Prepayment Transfers	<68.000>	68.000	---
Available for Subsidy	\$ <u>-0-</u>	\$ <u>234.000</u>	\$ <u>234.000</u>

Estimated Required Subsidy	\$ 250.000
Estimated Subsidy Available (per above)	\$ <u>234.000</u>
FY 86 Required Subsidy Appropriation	\$ <u>16.000</u>

fd8b

2/21/84

ALASKA HOUSING FINANCE CORPORATION

Summary of Changes

FY 85 Capital Budget
Special Mortgage Loan Purchase Program

	As Originally Submitted	As Revised 2/21/84
Carryforward from FY 84	\$ 140	\$ 199
SAM Series G Reversion	25	25
Earnings on SAM Fund	5	10
Adjustment for Mortgages used as Subsidy	<u><14></u> <u>156</u>	<u>-</u> <u>234</u>
Total Required Subsidy	<u>227</u>	<u>250</u>
Appropriation	\$ <u>71</u>	\$ <u>16</u>

Bonding and Subsidy Assumptions

	<u>Bonds</u>	<u>Subsidy</u>	<u>Bond</u>	<u>Subsidy</u>
Taxable First Mortgage Bonds	\$ 550	\$ 149	\$ 575	\$ 149
Veterans Bonds	700	49	575	86
Home Mortgage Bonds	125	14		
Reserve to Complete Open Series	<u>—</u>	<u>15</u>	<u>—</u>	<u>15</u>
	<u>\$1,375</u>	<u>\$ 227</u>	<u>\$1,150</u>	<u>\$ 250</u>
Total Mortgage Loan Demand	<u>\$1,480</u>		<u>\$1,316</u>	

fd3f.1a

2/21/84

ALASKA HOUSING FIANCE CORPORATION

Summary of Changes
FY 85 Capital Budgets
Special Mortgage Loan Purchase Program

Subsidy As Originally Submitted \$ 71

Reconciliation to FY 85 Revision 2/21/84

Decreases due to:

Increase in estimated carryforward from FY 84	<59>
Increased estimated fund earnings for FY 85	< 5>
Lack of mortgage discounting	<14>

Increase in estimated subsidy pledge requirements (\$250-\$227)
for FY 85

23

FY 85 Appropriation

\$ 16

2/21/84

ALASKA HOUSING FINANCE CORPORATION

Summary of Changes - Total Subsidy Requirements
FY 85 Capital Budgets

Total Subsidy as Originally Submitted		\$ 227
<u>Reconciliation to FY 85 Revision of 2/21/84</u>		
Decreased subsidy ratio - Taxable Bonds ($\$550 \times .01$)	\$ <6>	
Decreased bonding - Taxable	<27>	
Decreased bonding - Veterans ($\$125 \times .150$)	<19>	
Deletion of Home Mortgage Bonds ($\$125 \times .158$)	19	
Increased subsidy ratio - Veterans ($\$700 \times .0796$)	<u>56</u>	<u>23</u>
Total Subsidy		\$ <u>250</u>

Asper

Rec'd
3/13/84

A M E N D M E N T

Offered in the HOUSE

By Uehling

TO: HB 650

Page 1, funding information, change funding information to read:

Funding Information

General Fund	\$190,400,000
Other Funds	<u>1,875,000</u>
	\$190,275,000

Page 2, after line 24, insert new bill sections to read:

"* Sec. 13. The sum of \$275,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to the City of Thorne Bay for the purchase of the existing electric system in Thorne Bay.

* Sec. 14. The sum of \$1,100,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to a qualified borrower to construct the Craig-Klawock electrical intertie."

Renumber succeeding sections accordingly.

Page 2, line 25:

After "by", insert "secs. 1 - 12 of"

TELECOPY COVER SHEET
ANCHORAGE INFORMATION OFFICE

TO: Rep. Uehling FOR: _____ PHONE: _____
FROM: Patty DeJong, APA PHONE: 276-0001
ADDITIONAL INSTRUCTIONS: please call on arrival
DATE/TIME SENT: 2/29 4:00 PLEASE ACK. RECEIPT: X
DISPOSAL OF ORIGINAL: ✓ THROW AWAY
_____ HOLD FOR PICK UP
NUMBER OF PAGES: 2 (NOT COUNTING COVER SHEET)
BY: Shuler

ALASKA POWER AUTHORITY

334 WEST 8th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7841
(907) 278-0001

February 29, 1984

The Honorable Rick Uehling
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Subject: Craig-Klawock Intertie

Dear Representative Uehling:

As a follow-up to the Resources Committee hearing on Rural Electrification Loans held on February 22, 1984 we were asked to provide a brief description of the parties involved in the Craig-Klawock Intertie on Prince of Wales Island.

The 6.6 mile intertie would connect the Craig and Klawock utilities with a sawmill that produces woodwaste electricity generated from a small steam plant utilizing waste wood. If engineering and construction began in 1984, the line could be complete by late 1985 at a total cost of \$1,860,000. The State has \$750,000 from a previous appropriation available as an equity contribution to the project and is requesting the balance of \$1,110,000 to be made available as a loan under the Power Project Loan Fund for the Craig-Klawock Intertie.

Principle Parties

Alaska Timber Corporation (ATC) operates a sawmill located on the transmission line route between Klawock and Craig. The mill has offered to sell non-firm electrical energy from its steam plant to the utilities in Craig and Klawock to displace their diesel generation when the mill does not need it. The mill also has 1800 kw of diesel generation that can be used as emergency back up if the systems were interconnected. Alaska Power Authority estimates 2,000,000 kwh could be sold annually to Craig and Klawock.

Tlingit-Haida Regional Electric Authority (THREA) serves the village of Klawock with diesel generated electricity. Their present installed capacity is 1365 kw which provides reserves in excess of the amount needed to meet their recent peak loads of 500 kW. THREA has signed a contract with ATC for purchase of woodwaste energy which is contingent upon construction of the intertie. THREA also has proposed to offer back up diesel reserve capacity to the utility that serves Craig (AP&T) if the intertie is built. THREA has expressed interest in assuming the loan and building the intertie.

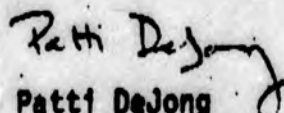
Alaska Power and Telephone (AP&T) is a private investor-owned utility based on Port Townsend, Washington, that provides electrical and telephone service to Craig. Craig has grown rapidly in the last three years and peak loads now exceed 700 kw. The utility needs additional reserves to supplement its total installed capacity of 1050 kw. The company has expressed an interest in building the intertie to connect with Klawock and a project at Black Bear Lake. The City of Craig strongly supports the interconnection of AP&T with facilities in Klawock to share reserves and minimize brownouts which are a common complaint.

The Alaska Power Authority has conducted feasibility studies of energy alternatives for Prince of Wales Island, which included consideration of interconnection of Craig, Klawock, Hydaburg, Thorne Bay and Hollis. In 1982 the Power Authority applied to the Federal Energy Regulatory Commission for a license to construct the Black Bear Lake hydroelectric project which is near Klawock. In the meantime the Power Authority reports have recommended early interconnection of Craig and Klawock if surplus woodwaste energy could be made available at competitive cost. The Power Authority has \$750,000 available from a 1981 appropriation which was inserted in the budget at the request of local citizens but which was not enough to complete the line. The \$1,110,000 loan request will provide the necessary funds to complete the project if construction can begin in 1984 and be completed by 1985. The Power Authority would negotiate ownership of the substations and right-of-way as part of the State's equity investment and ownership. Maintenance of the line would be the responsibility of the operating utility.

Either THREA or AP&T would be eligible to apply for the loan to construct the intertie. Construction of the intertie would be contingent upon negotiation of contracts between any of the parties required to assure reserves to pay back the loan. The Power Authority's processing of the loan application would include a thorough review of power sales agreements between any of the above parties to the agreement and a review of revenues forecast to result from exchange of energy through the intertie.

We hope this information helps clarify the role of the principal parties for you. If you have any other questions please do not hesitate to contact us.

Sincerely,



Patti DeJong
Director of Project Evaluation

PD/jm

cc: Dave Palmer, City Administrator, City of Craig

87/074 F1

MAR 2 1984



CITY OF CRAIG

P.O. Box 23
Craig, Alaska 99921
(907) 826-3275

February 28, 1984

Representative Peter Goll
Pouch V
Juneau, Alaska 99811

Dear Peter:

The bill we discussed on the teleconference last night is HB650. The bill appropriates funds for certain state loan programs, in our case, an amount would be appropriated to the Alaska Power Authority for the Craig Klawock intertie.

This funding should have been included originally as it is found in the Governor's request (HB511, page 42 line 17) in the amount of \$1,110,000.

Alaire Stanton, aide for the House Special Committee on loans (465-4821) told me the appropriation was deleted because they thought it was supposed to be a grant, not a loan. Of course a grant would be fine, but a loan is okay.

The committee asked for a memo to clarify the relationship between T&H Rural Electrical Association, Alaska Power & Telephone, Alaska Power Authority and the City of Craig. That should be to the committee by the time you receive this letter.

Our concern is that the \$1,110,000 appropriation be included in HB650. This authorizes the APA to make the loan if they believe the project is viable. The appropriation does not guarantee the loan, but makes it possible.

I appreciate your help in keeping us in the running for this critical project.

Sincerely,

David R. Palmer
City Administrator

DRP/hg

CC: Rep. Rick Uehling
Sen. Dick Eliason
Loren Karro - THREA - Juneau
Patti DeJong - APA
Liz Cudra, Attorney



tlingit & haida regional electrical authority

P.O. Box 2517 • Juneau, Alaska 99803 • (907) 789-3196



March 12, 1984

Representative Rick Uehling
Chair, Committee on Special Loans
House of Representatives
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Honorable Representative Uehling:

I apologize that, due to a previous commitment to our Klawock consumers, I am unable to be present in person at your March 13 Committee Meeting.

I am concerned to hear that funding for the proposed Craig/Klawock Intertie has not been included in HB 650. As you know, both the A.P.A. and the Governor's office recommended inclusion of the needed 1.1 million appropriation in the FY85 funding.

This tieline would link together the electrical system at Klawock (served by the Tlingit-Haida Regional Electrical Authority) and the electrical system at Craig (presently served by Alaska Power and Telephone). The purpose of the tieline would be twofold.

First, the tieline would allow the City of Craig to utilize the available excess capacity from T.H.R.E.A.'s Klawock powerplant. A.P.& T. in Craig has had a serious service, safety and reliability problem, including a fire in the Craig powerhouse just last week. T.H.R.E.A. has the immediate ability to provide peaking reserves and emergency backup power to the besieged Craig utility system. Such an arrangement would benefit consumers at both ends of the tieline.

Secondly, the Alaska Timber Corporation mill outside of Klawock is able to immediately provide woodwaste generated power, if a tieline to carry this power was built. T.H.R.E.A. has an existing contract to buy power, and is presently negotiating the rates for "avoided costs" savings; but the contract is dependant upon the tieline's construction. A.T.C. has offered to also provide power to Craig's A.P.&T. plant; under both Federal and State regulations, the utility is required to honor such an arrangement if it offers "avoided costs" savings to its constituents.

The people of Craig and Klawock have long backed the construction of the proposed intertie, and utilization of the mill's available woodwaste energy. Both communities are presently totally dependant upon small diesel generating

Representative Rick Uehling
March 12, 1984
Page Two

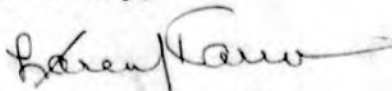
units. It has long been T.H.R.E.A.'s policy to search for economically feasible alternate energy sources, to minimize the dependance on petroleum products and to help stabilize the steep electrical rates.

By building such an intertie, we would be helping not just the consumers in Craig and Klawock but, by virtue of T.H.R.E.A.'s postage-stamp rate, also consumers in Angoon, Hoonah, Kake and Kasaan.

T.H.R.E.A. would like to see an \$800,000 loan and a \$300,000 grant, to fully fund the tieline and necessary substation equipment. The partial equity funding would allow the mill to sell its energy at a realistic rate, while allowing for wheeling costs to cover maintenance and operations, future replacements, and debt service payments. We need to keep these wheeling costs below 1¢/kWh, so we need to keep the debt service costs as low as possible.

Should you or the Committee have any further questions or concerns, please don't hesitate to call me. Again, I apologize that I am unable to attend the meeting in person.

Sincerely,



Loren J. Karro (Ms.)
Assistant Manager

LJK:es

cc: Representative Furnace
Representative Koponen
Representative Pestinger
Representative Ward
Representative Wendte
Representative Duncan
T.H.R.E.A. Board of Commissioners
Dave Hutchens, A.R.E.C.A.
Liz Cuadra, Attorney, City of Craig
Lee Axmaker, Mayor of Craig
Bobby George, Mayor of Klawock
Ed Head, A.T.C.
Lee Perkins, T.H.R.E.A., Klawock
Representative Peter Goll
Senator Richard Eliason

ALASKA POWER AUTHORITY

MEMORANDUM

TO: Jay Hogan
Associate Director
Office of Management and Budget
Division of Budget Review

DATE: February 27, 1984

THROUGH: Richard Lyon, Chairman
Alaska Power Authority
Board of Directors

FROM: Larry D. Crawford *LDC*
Executive Director

SUBJECT: FY 85 Thorne Bay
Loan Request

AS Comp. 2/28/84

2 Loans

The Alaska Power Authority Board of Directors approved at their meeting on February 22 a request for an addition to FY 85 Power Authority budget of \$275,000 to the Power Project Loan Fund for a loan to the City of Thorne Bay. This memo requests the addition of the \$275,000 to the Governor's budget. In support of the request, the Power Authority supplies the attached information.

Attachments.

LDC/sc

Thorne Bay Loan Request

Subsequent to preparation and submission of the Alaska Power Authority FY 85 budget, the City of Thorne Bay contacted the Department of Commerce and the Power Authority requesting \$275,000 be budgeted for a loan to purchase a new generator and to refinance* an existing debt obligation to Louisiana Pacific Corporation resulting from the City's purchase of the existing electric system. The City has provided documents in support of this budget request, included here as attachments. Power Authority staff has talked to the City's utility manager and has confirmed the need for this loan. This request to add the loan request to the FY 85 budget does not constitute approval of the loan, but rather secures the appropriation which would fund the loan. The loan application would be subject to Power Authority loan review and award procedures.

The Power Project Loan Fund (AS 44.83.170) is the appropriate program for this loan. This loan program requires legislative action to dedicate funds for specific loans. There is presently no appropriation for a loan to the City of Thorne Bay in this program.

KEY INFORMATION:

1. The City owes \$110,000 on the existing system. This amount due is drawing an interest payment of about \$1,050 per month.
2. The City was incorporated in 1982, at which time it was obliged to purchase the electric system. Due to the short period since incorporation, the City resources are limited, and refinancing of the present debt would allow a more reasonable rate of loan repayment.
3. The City is presently operating their 500 KW generator, which has less than six months useful life remaining, without back-up. The unit previously used for back-up is inoperative and cannot be overhauled.
4. New loads which have come on-line and which are about to come on-line require additional capacity as soon as possible. The City is planning to attempt to lease a 450 kw diesel unit as soon as possible to be able to provide power to the Forest Service and the Southeast Island School District. Availability of the State loan would allow purchase if the loan application is approved.
5. \$275,000 would be required to fund this loan.

* Use of the term "refinance" is not accurate in this case, as the City of Thorne Bay is currently making payments for the use of the electrical system only pending the securing of long-term financing for the acquisition of the system.

STATE OF ALASKA
Office of the Governor
Budget & Management Div.

REVISED PROGRAM SUMMARY
by
BUDGET COMPONENT

CATEGORY	Development
PROGRAM	Energy Development
AGENCY	Commerce & Economic Development
DIVISION	Alaska Power Authority
BUDGET REQUEST UNIT	Alaska Power Authority
BUDGET COMPONENT	Power Projects Loan Fund

		INITIAL AUTHORIZATION	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.
01	PERSONAL SERVICES									
02	TRAVEL									
03	CONTRACTUAL									
04	COMMODITIES									
05	EQUIPMENT									
06	LANDS/BUILDINGS	1,110.0	275.0	1385.0						
07	GRANTS, CLAIMS									
08	MISCELLANEOUS									
	TOTAL	1,110.0	275.0	1385.0						
1002	FEDERAL RECEIPTS									
1003	G/F MATCH									
1004	GENERAL FUND	1,110.0	275.0	1385.0						
1005	I/A RECEIPTS									
1028	PROGRAM RECEIPTS									
15	PERM. FULL TIME									
16	PERM. PART TIME/SEAS									
17	TOTAL STAFF MONTHS									
18	FULL TIME EQUIVALENT									

CITY OF THORNE BAY
P.O. BOX 110
THORNE BAY, ALASKA 99950
(907) 828-3380

RECEIVED

DEC 19 1983

OFFICE OF THE
COMMISSIONER

December 19, 1983

The Honorable Richard A. Lyon
Commissioner
Department of Commerce and
Economic Development
Pouch D
Juneau, Alaska 99811

Re: Supplemental appropriation to finance Thorne Bay Electric
Utility

Dear Commissioner Lyon:

The City of Thorne Bay, having incorporated as a second class city in 1982, was obliged to purchase the public utilities from the former owner of the logging camp of Thorne Bay, the Louisiana-Pacific Corporation. The City has managed to pay all but \$110,000. on the electric utility. This amount due is drawing an interest payment of about \$1,050. per month. The resources of the City are limited due to the short period of existence and this burden on the residents of the City can be reduced with a financing program through Alaska Statute 44.82 170.

Based upon this available program through the Alaska Power Authority, the City of Thorne Bay requests that the Directors of the Authority, in their meeting on December 21st, consider requesting the Alaska Legislature for a Supplemental Appropriation to fund the financial needs of the Thorne Bay electric utility.

This request and information is being presented to you in advance of the December 21st meeting so that any additional information may be supplied before the Directors meeting convenes. If additional information is needed, please contact the Thorne Bay City Administrator, Bill Williams, at 789-9141 in Juneau.

Your consideration of this request is appreciated.

Sincerely yours,

Denis M. Kuntz
Denis M. Kuntz
Mayor

FILED	6032
DEC 21 1983	

RESOLUTION 83-12-15-01

A Resolution of the City Council
of the City of Thorne Bay, Alaska Requesting
Funding from the State of Alaska

- WHEREAS, The City of Thorne Bay, Alaska did become an incorporated city of the second class under Alaska State Laws on August 2, 1982; and
- WHEREAS, the City of Thorne Bay did purchase the Electric Utility from the former owner of the logging camp of Thorne Bay, the Louisiana-Pacific Corporation; and,
- WHEREAS, the City has been successful in paying all of the costs of the Electric Utility except \$110,000.00 as of December 1, 1983, and this balance due is carrying an interest charge of about \$1,046.00 per month; and,
- WHEREAS, the existing generation equipment of the Electric Utility is not sufficient to produce enough power to fill the expected demands in the near future and the Electric Utility does not have generating equipment for back-up in case of an equipment failure, and,
- WHEREAS, the main generator that is now in use has only about six (6) months of useful life remaining; and,
- WHEREAS, the City will be required to supply power to the Forest Service quarters, that are to be constructed during the summer of 1984 and the probability that the City will provide power to the State of Alaska Land Disposal Area on the South Side of Thorne Bay in the near future, the present equipment is not capable of responding to these demands; and
- WHEREAS, the cost of operation of the Electric Utility is not paid from tax monies but from user fees and charges; and,
- WHEREAS, to finance the remaining principle of this debt and to purchase the needed equipment and systems improvements at a lower rate of interest than is now being paid and over a longer period of time will relieve the residence of the City of this avoidable burden especially during these times of a depressed economy in the City; and
- WHEREAS, The State of Alaska, through the Alaska Power Authority, has a program for financing Electric Utility Systems and Equipment purchases and this program is authorized in Alaska Statute 44.83.170.

83-12-15-01
Utility Financing

Page 2 of 2

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Thorne Bay, Thorne Bay, Alaska that a request be made to the Alaska Power Authority to submit a request to the Alaska State Legislature for a Supplemental Appropriation in the sum of \$275,000.00 which will be used to pay off the balance due on the purchase of the Electric Utility from the Louisiana-Pacific Corporation and to purchase a 450KW Generator and to make upgrades to the electrical system and Powerhouse.

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF THORNE BAY, ALASKA, ON THIS 15th DAY OF DECEMBER, 1983.

Donald M. Blum
Jeff M. Bailey
James R. ...

ATTEST:

Susan L. Chapin
Susan L. Chapin, City Clerk

Denis M. Kuntz, Mayor

Harold W. ...
Norman ...
Robert ...

I. PROJECT DESCRIPTION

THORNE BAY PUBLIC UTILITY GENERATOR LOAN

The City of Thorne Bay requests the State of Alaska appropriate \$275,000.00 to the Alaska Power Authority for the purpose of loaning the money to the City of Thorne Bay in order to purchase a new generator and to refinance a debt obligation to Louisiana Pacific Corporation for the purchase of remaining equity in the Thorne Bay Electrical System.

Monies borrowed from the Power Project Revolving Loan Fund would be used to purchase and install a 450KW diesel generator and associated control and switchgear; upgrade the Thorne Bay Power House to allow the existing system to accept the new generator and refinance \$110,000.00 currently owed to Louisiana Pacific for the remaining equity in the electrical system.

The City of Thorne Bay has determined this project to be economically feasible and will provide detailed financial and technical data to the Alaska Power Authority with the Power Project Revolving Loan Application.

II. JUSTIFICATION FOR PROJECT

The City of Thorne Bay will have an additional load requirement when the Southeast Island School District and the U.S. Forest Service housing project come on line beginning in the spring of 1984. These two additional large customers will necessitate the use of the City's 500KW generator, which is the largest in the Power House; however, no back-up generator is available to handle the load in the event of a mechanical failure. The 500KW generator that will be used has approximately six (6) months of useful life left and the potential for breakdowns increase as the generator gets older. The Control Boards in the Power House need upgrading in order to improve the efficiency of the generating system and to allow for the addition of the new generator. A certain amount of upgrading is needed to accept the installation of the new generator.

Refinancing the loan would reduce the debt service payments, thereby providing additional funding needed to maintain and improve the distribution system.

The immediate benefits to the community would include an increase in efficiency of the generators, the ability to handle higher peak loads and lower debt service payments.

III. SOCIO-ECONOMIC IMPACTS

Jobs created during the construction of this project will include two generator mechanics, one electrician, one cement mason, one carpenter and two laborers. Jobs created as a result of this

THORNE BAY PUBLIC UTILITY GENERATOR
LOAN
Page 2

project will depend on the type of business served by the City. The social benefits for the community will include a higher quality and quantity of dependable power, increased City revenues from the sale of power and more jobs created as a result of new businesses.

IV. SITE-CONTROL DOCUMENT

The land on which the Power House is located is currently owned by the State of Alaska and has been selected for ownership by the City of Thorne Bay under the Municipal Land Selection Act.

No permits are needed for this project.

V. OPERATION AND MAINTENANCE

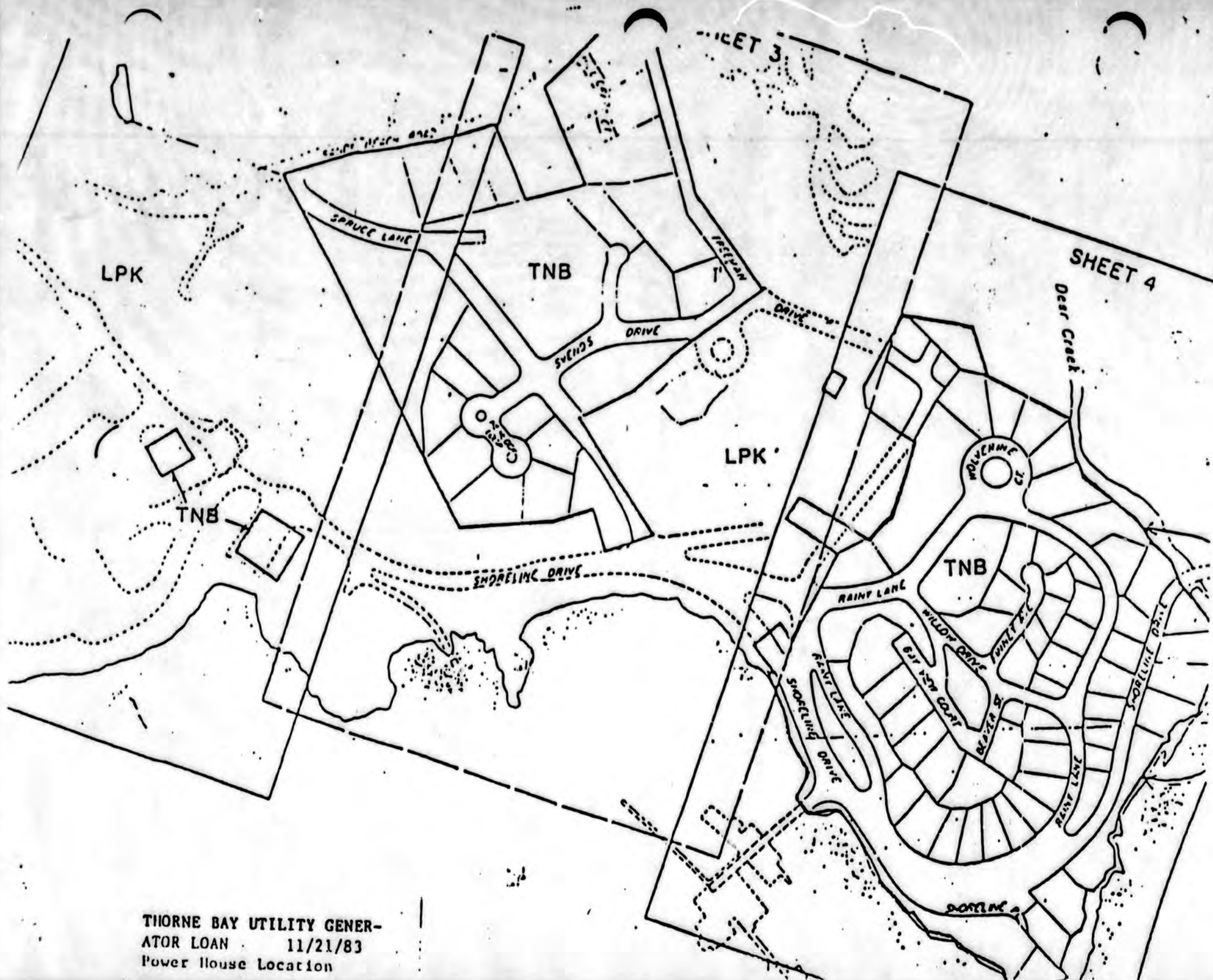
The actual operating and fuel costs will decrease on a per kilowatt basis due to the improved efficiency of the system. Maintenance costs will also decrease for the short term due to the same reasons. The cost of paying back the loan to the State of Alaska will be paid with revenues received from the sale of power to the new customers.

VI. PROJECT FUNDING

Purchase new 450KW generator	\$85,000.00
Purchase control board	25,000.00
Materials for renovation of power house	20,000.00
Upgrade existing control boards	10,000.00
Labor (1250 man hours)	25,000.00
Loan Payment to Louisiana Pacific	<u>110,000.00</u>
TOTAL	\$275,000.00

VII. PROJECT MANAGEMENT

The City of Thorne Bay will be the prime contractor and will perform all necessary purchasing, installation and administrative functions with existing personnel. The duration of the project will not exceed 180 days.



THORNE BAY UTILITY GENER-
ATOR LOAN 11/21/83
Power House Location

LOANS BUDGET SUMMARY
(Stated in Thousands \$)

DEPARTMENT/Program	FY 84 Adjusted		FY 85 Governor		Governor Amended		Original HB 650	
	GF	Total	GF	Total	GF	Total	GF	Total
COMMERCE AND ECONOMIC DEVELOPMENT								
Fisheries Enhancement Loan Program	6,500.0	6,500.0	0.0	0.0	5,335.0	5,335.0	0.0	0.0
Commercial Fishing Loan Act	9,091.0	9,091.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0
Alt. Tech. & Energy Revolving Loan Fund	2,400.0	2,400.0	5,100.0	5,100.0	5,100.0	5,100.0	2,400.0	2,400.0
Rural Electrification Revolving Loan Fund	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Power Project Fund (Seward)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Power Project Fund (Homer)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Power Project Fund (Thorne Bay)	0.0	0.0	0.0	0.0	275.0	275.0	0.0	0.0
Power Project Fund (Craig/Klawock)	0.0	0.0	1,110.0	1,110.0	1,110.0	1,110.0	0.0	0.0
DEPARTMENT TOTAL	18,991.0	18,991.0	10,710.0	10,710.0	16,320.0	16,320.0	6,900.0	6,900.0
EDUCATION								
Alaska Student Loan Program	60,000.0	60,850.0	65,450.0	65,950.0	65,450.0	65,950.0	60,000.0	60,500.0
DEPARTMENT TOTAL	60,000.0	60,850.0	65,450.0	65,950.0	65,450.0	65,950.0	60,000.0	60,500.0
NATURAL RESOURCES								
Agricultural Revolving Loan Fund	10,000.0	10,000.0	13,000.0	13,000.0	11,622.2	11,622.2	5,000.0	5,000.0
Grain Reserve Program	1,582.4	1,582.4	1,000.0	1,000.0	500.0	500.0	500.0	500.0
DEPARTMENT TOTAL	11,582.4	11,582.4	14,000.0	14,000.0	12,122.2	12,122.2	5,500.0	5,500.0

(CONTINUED NEXT PAGE)

LOANS BUDGET SUMMARY
(Stated in Thousands \$)
(continued)

DEPARTMENT/Program	FY 84 Adjusted		FY 85 Governor		Governor Amended		Original HB 650	
	GF	Total	GF	Total	GF	Total	GF	Total
REVENUE*								
Alaska Housing Finance Revolving Fund Special Mort- gage Loan Purchase	6,801.0	986,801.0	71,000.0	1,446,000.0	0.0	0.0	40,000.0	1,406,000.0 Approx.
Alaska Housing Finance Revolving Fund Mobile Home Loan Purchase	0.0	0.0	34,000.0	34,000.0	0.0	0.0	0.0	0.0
Alaska Housing Finance Revolving Fund	0.0	0.0	0.0	0.0	16,000.0	1,316,000.0	0.0	0.0
Alaska Housing Finance Revolving Fund Home Ownership Assistance Fund	22,750.0	42,250.0	0.0	0.0			22,000.0	22,000.0
DEPARTMENT TOTAL	29,551.0	1,029,051.0	105,000.0	1,480,000.0	16,000.0	1,316,000.0	62,000.0	1,428,000.0
COMMUNITY AND REGIONAL AFFAIRS								
Housing Assistance Loan Fund	45,000.0	45,000.0	65,000.0	65,000.0	65,000.0	65,000.0	45,000.0	45,000.0
DEPARTMENT TOTAL	45,000.0	45,000.0	65,000.0	65,000.0	65,000.0	65,000.0	45,000.0	45,000.0
SUBTOTAL	165,124.4	1,165,474.4	260,160.0	1,635,660.0	174,892.2	1,475,392.2	179,400.0	1,545,900.0
OTHER LOAN PROGRAMS	4,492.9	4,492.9	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	169,617.3	1,169,967.3	260,160.0	1,635,660.0	174,892.2	1,475,392.2	179,400.0	1,545,900.0

*Does not include Bond Bank Leveraging in Revenue capital budget.

tlh/1735

CHAIRMAN

HOUSE SPECIAL COMMITTEE
ON STATE LOANS

VICE-CHAIRMAN

HOUSE RESOURCES COMMITTEE
HOUSE LABOR AND COMMERCE COMMITTEE

MEMBER

JOINT OIL & GAS COMMITTEE
HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

Alaska State Legislature



House of Representatives

Representative
RICK UEHLING

ANCHORAGE
DISTRICT 12-SEAT A

1634 JUNEAU DRIVE
ANCHORAGE, ALASKA 99501
(907) 274-4256

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

Memorandum

Date: March 28, 1984

To: Rep. Rick Uehling

From: *David Cobb* Cobb, Professional Assistant

Subject: Low-cost, Low-income Multifamily Housing Development
Fund

Per my conversation with Barbara Morris-Quinn this morning,
the following is a breakdown of the FY 84 expenditures in this
fund and the anticipated FY 85 expenditures.

FY84

Municipality of Anchorage Land Acquisition (S & S Apartments)
\$700,000

Alaska Housing Ministries Low Income Housing- Anchorage
\$2.6 million

Planning Grants- Fairbanks, St. Paul
\$200,000

Total Expended \$3.5 million, Funds remaining \$1.5 million

FY85

City of Fairbanks
\$2.8 million FY84- \$1.5 million, FY85 \$1.3 million

City of St. Paul
The total amount of their anticipated request has not yet been
determined.

Alaska Housing Ministries
It is anticipated that they will apply for an additional
amount for low cost housing in Anchorage.

There would be \$3.7 million dollars available for the City of
St. Paul, Alaska Housing Ministries, and other applicants.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

☐ POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

☐ 225 CORDOVA STREET - BLDG B
ANCHORAGE, ALASKA 99501
PHONE: (907) 264-2294

March 27, 1984

Ms. Alaire Stanton
Administrative Assistant
Representative Rick Uehling
Alaska House of Representatives
Pouch V
Juneau, AK 99811

SUBJECT: Low-cost, Low-income Multifamily Housing
Development Loan Fund

Dear Ms. Stanton:

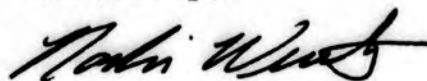
We currently have two eligible grant recipients applying for planning grants to develop applications to construct projects. One of the applicants is in Fairbanks, the other in St. Paul.

We anticipate that the three grant applicants that did not receive awards this year will resubmit in FY 85. These applications total \$7.7 million. If others apply, which we expect, the requests could exceed 10 million dollars in FY 85.

We expect this program can produce approximately 80 units of housing for each 3 million dollars of funding. This assumption considers other funding also being contributed to the projects. The grants awarded in FY 84 have a total of approximately \$3.5 million in other funding being provided from the sale of tax exempt housing bonds and Federal Community Block Grants.

If we can answer any more questions for you on this program, please let us know.

Sincerely,



Nadine Winters
Legislative Liaison

Alaska State Legislature

FOUCH V
JUNEAU, ALASKA 99811
907/465-4821



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

House Special Committee on State Loans

MEMORANDUM

To: Linn Asper
Legislative Drafting

From: Rep. Rick Uehling, Chair
House Special Committee on State Loans *by AS*

Date: March 13, 1984

Subject: Committee Substitute for HB 650

*Hand
delivered
3/13 10:30 am*

Please make a draft for a CS HB 650 (Loans) containing the following amounts for appropriations:

- Sec. 1; \$16 million to the Alaska Housing Finance Revolving Fund. (was Sec. 1 & 2)
- Sec 2; \$45 million to the housing assistance loan fund in the Dept. of Community & Regional Affairs. (was Sec. 5)
- Sec.3; \$2 million for the Chugach View Senior Citizen facility.
- Sec.4; \$2 million for a Senior Citizen facility at Nome for the Norton Sound Health Corp. from the Sr. citizen housing development fund.
- Sec.5; \$7 million for statewide projects from the Senior citizen housing development fund. (was Sec. 4.)
- Sec.6; The sum of \$10.9 million from the general fund to the division of investments, Dept. of Commerce & Economic Development for the following purposes:
 alternative technology & energy \$2,400,000.
 commercial fishing loan program \$3,500,000.
 fisheries enhancement loan program \$5,000,000.
- Sec.7; \$8 million to the Agricultural revolving loan fund.
- Sec 8; \$ 500,000. to the AK. Grain reserve loan fund.
- Sec.9; \$65 million to the Scholarship revolving loan fund.
- Sec.10; \$500,000. in Federal Program receipts to the Scholarship revolving loan fund.
- Sec.11; \$1 million to the rural electrification revolving loan fund.
- Sec.12; \$5 million to Dept. of Community & Regional Affairs for grants from the low cost and low income multiple family housing development fund.
- Sec.13; The sum of \$1.385 million to the Alaska Power Authority Power project loan fund for the following purposes:
 \$275,000 to the City of Thorne Bay for the purchase of an existing electric system;
 \$1,110,000. to be made available as a loan for the Craig Klawock Intertie.
- Sec. 14 and 15 will be the old 13 and 14. *Thompson*

Asper
3/16/81

Original sponsor: House Special Committee
on State Loans

Funding Information

General Fund	\$152,000,000
Other Funds	500,000
	<u>\$152,500,000</u>

*Final copy
requested 3/19
2:30 pm*

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 650 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for certain
7 state loan and grant programs; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$16,000,000[✓] is appropriated from the general
11 fund to the Alaska housing finance revolving fund (AS 18.56.082).

12 * Sec. 2. The sum of \$45,000,000[✓] is appropriated from the general fund
13 to the housing assistance loan fund in the Department of Community and
14 Regional Affairs for non-conforming, rural, and non-owner occupied housing
15 loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the
16 home ownership assistance fund (AS 44.47.382).

17 * Sec. 3. The sum of \$2,000,000[✓] is appropriated from the general fund
18 to the division of housing assistance in the Department of Community and
19 Regional Affairs for a grant from the senior citizens' housing development
20 fund for the Chugach View Senior Citizen Facility.

21 * Sec. 4. The sum of \$2,000,000[✓] is appropriated from the general fund
22 to the division of housing assistance in the Department of Community and
23 Regional Affairs for a grant from the senior citizens' housing development
24 fund for the Norton Sound Health Corporation Senior Citizen Facility at
25 Nome.

26 * Sec. 5. The sum of \$7,000,000[✓] is appropriated from the general fund
27 to the division of housing assistance in the Department of Community and
28 Regional Affairs for grants from the senior citizens' housing development
29 fund.

1 * Sec. 6. The sum of \$9,500,000[✓] is appropriated from the general fund
2 to the division of investments, Department of Commerce and Economic Devel-
3 opment, for the following purposes in the following amounts:

4 alternative technology and energy loan

5 program (AS 45.88)

✓ \$1,000,000

6 commercial fishing loan program (AS 16.10.-

7 300 - 16.10.370)

✓ 3,500,000

8 fisheries enhancement loan program

9 (AS 16.10.500 - 16.10.620)

✓ 5,000,000

10 * Sec. 7. The sum of \$5,000,000[✓] is appropriated from the general fund
11 to the Department of Natural Resources for loans from the agricultural
12 revolving loan fund (AS 03.10.040).

13 * Sec. 8. The sum of \$500,000[✓] is appropriated from the general fund to
14 the Alaska grain reserve loan fund (AS 03.12.040).

15 * Sec. 9. The sum of \$60,000,000[✓] is appropriated from the general fund
16 to the scholarship revolving loan fund (AS 14.40.751) for the student loan
17 program.

18 * Sec. 10. The sum of \$500,000[✓] in federal program receipts for student
19 loans and scholarships is appropriated to the scholarship revolving loan
20 fund (AS 14.40.751) for the student loan program.

21 * Sec. 11. The sum of \$5,000,000[✓] is appropriated from the general fund
22 to the Department of Community and Regional Affairs for grants from the low
23 cost and low income multiple family housing development fund (AS 44.47.-
24 635).

25 * Sec. 12. The appropriations made by this Act are for the capitaliza-
26 tion of loan and grant funds and do not lapse in accordance with AS 37.-
27 25.010.

28 * Sec. 13. This Act takes effect immediately in accordance with AS 01.-
29 10.070(c).

3/6 Phoned in
new figures

Ed. Heim.

Asper
3/13/84 ✓

Original sponsor: House Special Committee
on State Loans

DRAFT

Funding Information

General Fund \$163,785,000
Other Funds 500,000
\$164,285,000

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 650 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for certain
7 state loan and grant programs; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$16,000,000 ✓ is appropriated from the general
11 fund to the Alaska housing finance revolving fund (AS 18.56.082).

12 * Sec. 2. The sum of \$45,000,000 ✓ is appropriated from the general fund
13 to the housing assistance loan fund in the Department of Community and
14 Regional Affairs for non-conforming, rural, and non-owner occupied housing
15 loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the
16 home ownership assistance fund (AS 44.47.382).

17 * Sec. 3. The sum of \$2,000,000 ✓ is appropriated from the general fund
18 to the division of housing assistance in the Department of Community and
19 Regional Affairs for a grant from the senior citizens' housing development
20 fund for the Chugach View Senior Citizen Facility.

21 * Sec. 4. The sum of \$2,000,000 ✓ is appropriated from the general fund
22 to the division of housing assistance in the Department of Community and
23 Regional Affairs for a grant from the senior citizens' housing development
24 fund for the Norton Sound Health Corporation Senior Citizen Facility at
25 Nome.

26 * Sec. 5. The sum of \$7,000,000 ✓ is appropriated from the general fund
27 to the division of housing assistance in the Department of Community and
28 Regional Affairs for grants from the senior citizens' housing development
29 fund.

1 * Sec. 6. The sum of ^{9,500,000}~~\$10,900,000~~ is appropriated from the general fund
2 to the division of investments, Department of Commerce and Economic Devel-
3 opment, for the following purposes in the following amounts:

4 alternative technology and energy loan
5 program (AS 45.88)

6 commercial fishing loan program (AS 16.10.-
7 300 - 16.10.370)

8 fisheries enhancement loan program
9 (AS 16.10.500 - 16.10.620)

^{1,000,000}

~~\$2,400,000~~

✓ 3,500,000

✓ 5,000,000

10 * Sec. 7. The sum of ^{5,000,000}~~\$8,000,000~~ is appropriated from the general fund
11 to the Department of Natural Resources for loans from the agricultural
12 revolving loan fund (AS 03.10.040).

13 * Sec. 8. The sum of \$500,000 is appropriated from the general fund to
14 the Alaska grain reserve loan fund (AS 03.12.040).

15 * Sec. 9. The sum of ^{600,000}~~\$65,000,000~~ is appropriated from the general fund
16 to the scholarship revolving loan fund (AS 14.40.751) for the student loan
17 program.

18 * Sec. 10. The sum of \$500,000 in federal program receipts for student
19 loans and scholarships is appropriated to the scholarship revolving loan
20 fund (AS 14.40.751) for the student loan program.

21 * Sec. 11. The sum of \$1,000,000 is appropriated from the general fund
22 to the rural electrification revolving loan fund (AS 44.83.361) for rural
23 electrification loans.

24 * Sec. 12. The sum of \$5,000,000 is appropriated from the general fund
25 to the Department of Community and Regional Affairs for grants from the low
26 cost and low income multiple family housing development fund (AS 44.47.-
27 635).

28 * Sec. 13. The sum of \$1,385,000 is appropriated from the general fund
29 to the power project fund (AS 44.83.170) for the following purpose:

QSHB 650(Loans)

1 (1) \$275,000 as a loan to the City of Thorne Bay for the pur-
2 chase of the existing electric system in Thorne Bay; and

3 (2) \$1,110,000 as a loan to a qualified borrower to construct
4 the Craig-Klawock electrical intertie.

5 * Sec. 14. The appropriations made by this Act are for the capitaliza-
6 tion of loan and grant funds and do not lapse in accordance with AS 37.-
7 25.010.

8 * Sec. 15. This Act takes effect immediately in accordance with AS 01.-
9 10.070(c).

13-1940

Asper

3/8/84

Funding Information

General Fund	\$181,400,000
Other Funds	500,000
	<u>\$181,900,000</u>

IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making special appropriations for certain state loan and grant programs; and providing for an effective date."

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

* Section 1. The sum of \$40,000,000 is appropriated from the general fund to the Alaska Housing Finance Corporation for the special mortgage loan purchase program (AS 18.56.098).

* Sec. 2. The sum of \$22,000,000 is appropriated from the general fund to the Alaska Housing Finance Corporation for the home ownership assistance program (AS 18.56.091).

* Sec. 3. The sum of \$2,000,000 is appropriated from the general fund to the division of housing assistance in the Department of Community and Regional Affairs for a grant from the senior citizens housing development fund for the Chugach View Senior Citizen Facility.

* Sec. 4. The sum of \$45,000,000 is appropriated from the general fund to the housing assistance loan fund in the Department of Community and Regional Affairs for non-conforming, rural, and non-owner occupied housing loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the home ownership assistance fund (AS 44.47.382).

* Sec. 5. The sum of \$5,900,000 is appropriated from the general fund to the division of investments, Department of Commerce and Economic Development, for the following purposes in the following amounts:

alternative technology and energy loan

program (AS 45.88)

\$2,400,000

1 commercial fishing loan program (AS 16.10.-
2 300 - 16.10.370)

3,500,000

3 * Sec. 6. The sum of \$5,000,000 is appropriated from the general fund
4 to the Department of Natural Resources for loans from the agricultural
5 revolving loan fund (AS 03.10.040).

6 * Sec. 7. The sum of \$60,000,000 is appropriated from the general fund
7 to the scholarship revolving loan fund (AS 14.40.751) for the student loan
8 program.

9 * Sec. 8. The sum of \$500,000 in federal program receipts for student
10 loans and scholarships is appropriated to the scholarship revolving loan
11 fund (AS 14.40.751) for the student loan program.

12 * Sec. 9. The sum of \$1,000,000 is appropriated from the general fund
13 to the rural electrification revolving loan fund (AS 44.83.361) for rural
14 electrification loans.

15 * Sec. 10. The sum of \$500,000 is appropriated from the general fund to
16 the Alaska grain reserve loan fund (AS 03.12.040).

17 * Sec. 11. The appropriations made by this Act are for the capitaliza-
18 tion of loan and grant funds and do not lapse in accordance with AS 37.-
19 25.010.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 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.


Signature of Camera Operator


Date

SCOMM

#34:28



Alaska State Legislature

HOUSE CALENDAR

OFFICIAL BUSINESS OF THE HOUSE

ONE HUNDRED FIFTEENTH DAY

Wednesday

Reverend Jon Paden
Church of Christ

May 2, 1984
Convenes: 10:00 a.m.

SECOND READING OF HOUSE BILLS

HB 347 "An Act relating to the licensing of practitioners of naturopathic medicine; and providing for an effective date."

-HESS report w/CS(HESS), same title, p. 2642

Zero Fiscal Note

-L&C report w/CS(L&C), new title, p. 3098:

Licensing of naturopaths; effective date

New Fiscal Note, House Supplement No. 117

~~-Finance report w/CS(Fin), new title, p. 3454:~~

Licensing of naturopaths; effective date

Zero Fiscal Note

HB 509 "An Act relating to aviation fuel refiners; and providing for an effective date."

-L&C report w/CS(L&C), new title, p. 3099:

Aviation fuel suppliers; effective date

Zero Fiscal Note

~~-Judiciary report w/CS(Jud), new title, p. 3288:~~

Aviation fuel suppliers; effective date

HB 536 "An Act relating to continuing appropriations for bond debt service; making special appropriations from certain defunct revolving loan funds; and providing for an effective date."

-Governor's letter, p. 2333

Two Zero Fiscal Notes w/analysis, H. Suppl. 85

-Loans report w/CS(Loans), new title, p. 2506:

Making special annual appropriations from certain inactive revolving loan funds; effective date

Approved Fiscal Notes in H. Supplement 85

~~-Finance report w/CS(Fin), new title, p. 3486:~~

Continuing appropriations for bond debt services; making special annual appropriations from certain revolving loan funds; effective date

HB 564 "An Act relating to use of permanent fund dividends to satisfy debts owed to the state; and providing for an effective date."

-State Affairs report w/CS(SA), same title, p. 2822

Fiscal Note, House Supplement No. 103

-Finance report w/CS(SA), p. 3236

New Fiscal Note, House Supplement No. 123

H (Fin) Letter of Intent p. 3237

Hearing officer, etc. (no obj.) R

Continued next page

Am #1
31-2
Am #2
13-19

24-7

25-8

32-1

32-1

21-11 R
not

GROSS-
NEGLECT
2
3-2 R

R

What debts?
Fin letter of Intent
addressed implemation

- am #1*
25-7
- am #2*
13-20
- 32-1*
- HB 663 "An Act relating to the Alaska Housing Finance Corporation; and providing for an effective date."
-Governor's transmittal letter, p. 2567
Zero Fiscal Note
-Loans report w/CS(Loans), same title, p. 3131
-Finance report w/CS(Fin), new title, p. 3519:
Certain state housing loan programs;
effective date *no obj.*
- 32-0*
- HB 664 "An Act making appropriations to the Alaska Housing Finance Corporation; and providing for an effective date."
-Governor's transmittal letter, p. 2567
Zero Fiscal Note w/Analysis, H. Supplement 92
-Loans report, p. 2994
-Finance report w/CS(Fin), same title, p. 3514 *no obj.*
- 33-0*
- HB 665 "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."
-Governor's transmittal letter, p. 2567
Fiscal Note, House Supplement No. 92
-Loans report, p. 3102
-Finance report, p. 3514
Zero Fiscal Note
- HB 668 "An Act relating to child support enforcement and the reporting of payment information on delinquent obligors to credit bureaus or lending institutions; and providing for an effective date."
-Governor's transmittal letter, p. 2572
Zero Fiscal Note w/Analysis, H. Supplement No. 92
-Judiciary report w/CS(Jud), new title, p. 3236:
Child support enforcement; effective date
Zero Fiscal Note
-Finance report w/CS(Fin), new title, p. 3487:
Child support enforcement; effective date
Zero Fiscal Note

SECOND READING OF SENATE RESOLUTIONS

- SB 519 "An Act relating to state support for education; and providing for an effective date."
-HESS report, p. 3354
-Finance report w/HCS(Fin), same title, p. 3512
Zero Fiscal Note

CITATIONS

- *Honoring - Mt. Eccles Elementary School - Problem Solving Team
by Representative Goll
- *Honoring - Annette Island Schools - Problem Solving Team
by Representative Wendte, Goll
- *Honoring - Cordova Junior-Senior High School - Problem Solving Team by Representative Goll

HOUSE

DAILY COMMITTEE ANNOUNCEMENTS

WEDNESDAY 05/02/84

<u>FINANCE</u>	<u>CAPITOL 519</u>	<u>8:00 AM</u>
CSSB 331(JUD)	PREPARATION OF THE EXECUTIVE BUDGET	
SB 409	SUPL APPROP/TRANSFERS AMONG APPROP	
	(PENDING REFERRAL TO COMMITTEE)	
HB 626	CRIME OF CONSPIRACY	
<u>HEALTH, EDUCATION & SOCIAL SERVICES</u>	<u>CAPITOL 118</u>	<u>1:15 PM</u>
CSSB 346(JUD)AM	TREATMENT OF MENTALLY ILL PERSONS	
	TELECONFERENCE PRESENTATION BY DR. LINUS PAULING,	
	INTERNATIONALLY REKNOWNED SCIENTIST AND HUMANITARIAN	
<u>JUDICIARY</u>	<u>CAPITOL 124</u>	<u>1:30 PM</u>
*HB 718	CLAIMS OF STATE LAND IN CERTAIN RIGHTS-OF-WAY	
HJR 52	PROPOSED AMENDMENT FOR BIENNIAL STATE BUDGET	
<u>LABOR AND COMMERCE</u>	<u>BEHREND 209</u>	<u>8:15 AM</u>
HB 457	THIS HEARING HAS BEEN CANCELLED.	
<u>STATE AFFAIRS</u>	<u>CAPITOL 102</u>	<u>1:15 PM</u>
COMMITTEE WORK SESSION		

* FIRST PUBLIC HEARING

ANCH
TIMES

D

AHFC fund runs out; rates to jump

by Annette Taylor
Times Business Writer

Alaska Housing Finance Corp. ran out of money Thursday for home loans and will be unable to commit to an interest rate on new home purchases until Tuesday or Wednesday.

Prospective homebuyers, who applied for home loans during the past four to six weeks, are no longer guaranteed the 10 percent interest rate for the first \$90,000 borrowed under the standard AHFC loan program.

AHFC will set new interest rates for all programs next week following a \$100 million taxable bond sale. AHFC finance director Mark Cameron said he expects new interest rates to be as much as 1½ percent higher.

That would mean an additional \$126 a month in mortgage payments on a \$110,000 loan.

Prospective buyers, who do not yet have AHFC loan approval and only marginally qualified for a loan at 10 percent interest, may lose their chance to buy, Cameron said.

AHFC, which finances about 85 percent of all home loans in the state, had fully allocated by about noon Thursday all of its money raised through the sale of taxable bonds.

"We have another bond sale Tuesday, so we were pretty close to estimating how long the last issue would last," he said.

The last taxable bond sale was Feb. 1 when the corporation sold \$100 million in bonds on the European market at 11.75 percent. Including interest and expenses incurred to issue the bonds, the total costs of funds to AHFC was at 13.05 percent.

Money raised from all AHFC bond sales is used to buy mortgages from private lenders. The state subsidizes loans up to \$90,000 to a minimum of 10 percent interest for non-veterans and 9 percent for veterans. But the differential can be no more than 3 percent between the cost of funds and the rate charged homebuyers. The state does not subsidize any amount over \$90,000.

Interest rates under all AHFC programs are tied to those charged

under the standard, non-veterans program open to all qualifying state residents.

Although money remains in the veterans' home loan program, "we cannot commit to rate in the tax-exempt program until we know the new rate under the taxable program," Cameron said.

Prospective buyers applying under the Home Ownership Assistance program, which begins loans at 6 percent interest and increases the rate as the buyers' incomes rise, will be insulated from the anticipated rising interest rates, he said.

AHFC notified state banks after lunch Thursday that the 10 percent interest rate was effective only until 3:30 p.m. Cameron said Thursday afternoon that bank couriers were lined up at the AHFC office, hoping to stamp their packages of loan applications in the time clock by the deadline.

Cameron said banks take four to six weeks to process loan applications before sending them to AHFC for approval.

Prospective buyers, who already have AHFC approval for their loans, are not affected.

AHFC ran out of money for the veterans' home loan program in November 1983 after voters approved a \$500 million state-guaranteed, tax-exempt bond issue to support the program. In that case, interest rates remained the same.

"It's been quite a while since we had an interruption in the taxable program," Cameron said. "When it's happened before, we've usually expected rates to go down. This time, it's going to go the other way."

AHFC bond sale will be at 2 p.m. Tuesday if the bonds are offered on Wall Street. If the bonds are offered on the European market, the sale will be at 11 p.m. Tuesday, which is 8 a.m. Wednesday London time.

AHFC will go to the European market if going interest rates Friday or Monday are lower there than they are on Wall Street.

Alaska was the first state in the country Feb. 1 to offer housing bonds to European investors.

Mortgage loan rate going up

By JIM ERICKSON
Daily News reporter

More than 1,000 prospective home buyers whose loans are pending may find their expected monthly payments inflated an average of \$126 a month because of rising interest rates in world bond markets.

The Alaska Housing Finance Corp., which subsidizes almost all home loans in the state, effectively ran out of cash for its main program at 3:30 p.m. Thursday.

And AHFC officials said a federal ruling Friday has forced a week's postponement of a \$100 million bond sale that would have replenished the corporation's coffers.

Meanwhile, interest rates on bonds are expected to continue the climb they began about two months ago, said Mark Cameron, AHFC finance director.

Instead of most home buyers getting a 10 percent interest rate on the first \$90,000 of their loans under the state subsidy program, rates likely will rise to 11.5 percent when the bonds are sold May 15, Cameron said.

See Back Page, AHFC

AHFC loan rates going up

Continued from Page A-1

Homebuyers will need to make about \$450 a month more to qualify for a \$110,000 loan at the new rate, he said. Buyers who would have barely qualified at the old rate could be priced out of their loan.

Higher than expected demand for its money caused the corporation to run out of cash before it could get back to the bond market, AHFC officials said.

Home buyers whose loan applications did not reach the AHFC office before Thursday afternoon cannot be guaranteed the 10 percent rate, Cameron said.

The corporation buys from lending institutions about 85 percent of all home loans made in Alaska, and subsidizes the interest rates. Interest rates on loan amounts above \$90,000 are not subsidized.

Interest rates for mobile home loans and veterans home loans are expected to rise to 11.5 percent and 10.5 percent, respectively. Those programs still have funds, Cameron said, but interest rates are tied to the bond costs under the main loan program.

The loan program for low-income home buyers will maintain its 6 percent interest rate.

AHFC still will accept and process loan applications until the next bond sale, said Michael Lynch, AHFC executive director.

The U.S. Treasury Department threw a monkey wrench into AHFC plans to sell another \$400 million in bonds

this year in Europe.

Interest rates on bonds are lower in Europe, and that translates to a savings to home buyers in Alaska if AHFC bonds are sold there.

Last February, AHFC became the first state agency to sell bonds in Europe since Mississippi sold \$7 million worth in the 1830s.

But on Friday the Treasury Department halted a second AHFC bond sale in Europe set for next week.

The department withdrew the support of the federal agency that guaranteed the AHFC bonds to European buyers.

AHFC was avoiding a 30 percent U.S. tax by selling the bonds through a subsidiary, the corporation set up in the Netherlands Antilles. The Treasury Department objected to the loss of tax revenue.

AHFC had in the past two months put together an alternative method of selling Eurobonds that did not involve the Netherlands Antilles, Lynch said.

The Treasury Department did not object to the new structure, but it stopped the sale pending congressional action on tax legislation that would eliminate the 30 percent tax on foreign investment, he said. Congress is expected to act in 45 days.

Now the state is negotiating a third arrangement to sell bonds at rates comparable to European issues, he said.

An agreement is unlikely at week, he said.

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting four bills which relate to the Alaska Housing Finance Corporation (AS 18.56).

The first bill includes several substantive proposals. Section 1 enables the Board of Directors to delegate to the executive director the authority to sell an issue of bonds, if the Board establishes the maximum true interest cost for the issue. This proposal will enable the corporation to respond more rapidly to the capital markets. Section 2, in conjunction with the related appropriation provision in an accompanying bill, is intended to clarify the statutory basis for the home ownership assistance program and to repeal the current separate fund for the program. (AS 18.56.091) Section 3 precludes the corporation from purchasing a loan if the borrower has an outstanding housing loan under a state loan program. Section 3 also amends AS 18.56.096 to specify, in accordance with the present practice of the corporation, that the loan-to-value limitation does not apply to a qualified loan which is federally insured or guaranteed. Section 4 amends AS 18.56.098(g)(6) to provide that the interest rate on the first \$90,000 of a qualified mortgage loan will be the same for all borrowers, regardless of whether the loan is purchased with proceeds from a taxable or tax-exempt bond issue. Section 5 makes a technical modification to a financial provision, and sec. 6 authorizes the corporation to issue \$1.5 billion in bonds during FY 85.

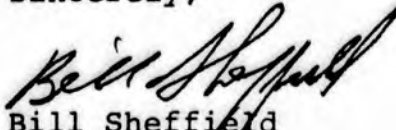
To remove any possible legal concerns, the second bill appropriates to the corporation unrestricted interest repayments as well as certain program receipts which may accrue to the corporation during the next fiscal year. In addition, sec. 2 of the bill transfers the assets of the home ownership fund (AS 18.56.091) to the Alaska Housing Finance revolving fund. (AS 18.56.082.) As proposed in the companion bill, the home ownership fund is abolished. The transfer of assets to the revolving fund, subject to bondholder agreements, will provide the requisite flexibility for the corporation to continue to implement the home ownership assistance program.

The third bill proposes the presentation to the voters of the question of whether to authorize the issuance of \$700,000,000 in state-guaranteed veterans' bonds. Since state-guaranteed veterans' bonds are tax-exempt, the corporation is able to provide benefits to veterans at a substantial savings to the state.

The fourth bill proposes a \$100,000,000 increase in the corporation's bond issuance authorization limit for this fiscal year (FY 84). When the current debt authority limit of \$980,000,000 was established, the purchase of mobile home loans was financed exclusively with state appropriations. The corporation has now designed a program under which the purchase of qualified mobile home loans may be financed through bond proceeds, and the proposed increase in the debt authorization level is necessary to implement this program.

These four bills present a balanced approach to the operations of the corporation. I therefore urge you to consider the legislation relating to the corporation as an integrated package. I add, also, that prompt legislative review and approval is important. In particular, please note that pending federal legislation may restrict, if not preclude, the issuance of tax-exempt veterans' bonds. Legislative approval before any Congressional action may thus allow the state to realize a substantial savings in providing benefits to qualified veterans.

Sincerely,


Bill Sheffield
Governor

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: HB 663
Title: Relating to Alaska Housing
Finance Corporation
Sponsor: Governor
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected:
Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Michael S. Lynch
Division: Alaska Housing Finance Corporation

Phone: 276-5599
Date: 2/7/84

Approved by Commissioner: [Signature]
Agency: DOR

Date: 2/7/84

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

065

Revision Date

REQUEST

Bill/Resolution No: HB 664
Title: An Act making appropriations
to AHFC.
Sponsor: Governor
Requestor:
Date of Request:

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected:
Alaska Housing Finance Corporation
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Michael S. Lynch
Division: Alaska Housing Finance Corporation

Phone: 276-5599

Date:

Approved by Commissioner: R. H. Heath
Agency: DOR

Date: 2/2/84

Distribution (by Agency preparing fiscal note):

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

page 232 HB 664

Analysis for Governor's Bill on AHFC Appropriations:

Section 1 of this bill responds to a question which has been raised by the Attorney General's Office concerning the possibility that retention of some revenues and receipts of the Corporation may be in conflict with the "dedicated funds" provisions of the State Constitution. The Attorney General's Office has not yet answered that question. The bill removes any doubt as to the proper retention of revenues and receipts of the Corporation.

Section 2 of this bill transfers all assets of the Home Ownership Fund to the Alaska Housing Finance revolving fund which was established by the Legislature in 1983 to alleviate some of the "dedicated funds" questions and to facilitate a continuity of programs of the Corporation.

STATE OF ALASKA- 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: 666
Title: Increasing Bond Authorization level.
Sponsor: Governor
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected: Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Michael S. Lynch
Division: Alaska Housing Finance Corporation

Phone: 276-5599
Date: 2/7/84

Approved by Commissioner: [Signature]
Agency: DOR

Date: 2/7/84

Distribution (by Agency preparing fiscal note):

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

MAR 9 1984

Asper

A M E N D M E N T

#1

Offered in the HOUSE

TO: HB 663

Page 1, lines 9 - 21:

Delete Section 1 in its entirety.

Renumber succeeding sections accordingly.

Asper

A M E N D M E N T

#2

Offered in the HOUSE

TO: HB 663

Page 4, after "taxation" on line 2:

Delete: "under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as amended"

Insert: "[UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26 U.S.C. 103A), AS AMENDED]"

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

M E M O R A N D U M

March 13, 1984

SUBJECT: Sectional Analysis of HB 663, 664, and 666

TO: Representative Rick Uehling
Chairman
House Special Committee on Loans

FROM: *LH* Linn H. Asper
Legislative Counsel

House Bill 663.

Section 1 adds to the powers of the executive director of the Alaska Housing Finance Corporation (AHFC) by allowing the board of directors of the corporation to authorize the executive director to sell an issue of bonds or notes of the corporation.

Section 2 deletes the home ownership fund in AHFC and replaces it with a home ownership assistance program with similar functions.

Section 3 limits a borrower to one state subsidized mortgage housing loan, with one stated exception, and removes the AHFC loan-to-value limitation from loans that are federally insured or guaranteed.

Section 4 makes a technical change in interest rate calculations for AHFC mortgage loans purchased from the proceeds of bonds exempt from taxation under the Mortgage Subsidy Bond Tax Act of 1980 so that the interest rate is calculated as other AHFC loans are calculated.

Section 5 limits AHFC bond obligation to the revenues and assets of the corporation.

Section 6 provides a 1.5 billion bond authorization ceiling for AHFC in the 1985 fiscal year.

Section 7 provides a July 1, 1984 effective date.

Representative Rick Uehling
Page 2
March 13, 1984

House Bill 664.

Section 1 appropriates fiscal 1985 program receipts of AHFC back to the revolving fund of the corporation.

Section transfers the assets of the home ownership fund into the AHFC revolving fund.

Section 3 makes section 1 of the Act effective July 1, 1984.

Section 4 makes section 2 of the Act effective when the home ownership fund is repealed. (See section 2 of HB 662.)

House Bill 666.

Section 1 provides for a supplemental authorization for AHFC bonds for fiscal year 1984 in the amount of \$100,000,000.

Section 2 prescribes an immediate effective date.

LHA:ojb
J4/069

Sec. 18.56.045. Minutes of meetings. The board shall keep minutes of each meeting and send a certified copy to the governor and to the Legislative Budget and Audit Committee. (§ 1 ch 107 SLA 1971; am § 2 ch 115 SLA 1981)

Effect of amendments. — The 1981 amendment added "and to the Legislative Budget and Audit Committee" following "copy to the governor."

Sec. 18.56.050. Administration of affairs. The board shall manage the assets and business of the corporation and may prescribe, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with AS 18.56.052. (§ 1 ch 107 SLA 1971; am § 2 ch 167 SLA 1978; am § 15 ch 106 SLA 1980)

Effect of amendments. — The 1978 amendment, substituted "shall manage" for "may manage," inserted "may" preceding "prescribe," and deleted "rules" preceding "and regulations," all in the first sentence, deleted the former second sentence, which read "The board may delegate to one or more of its directors, officers, agents or employees those powers and

duties it considers proper," and substituted "shall delegate" for "may delegate" and the language beginning "the executive director" for "an executive officer" in the present second sentence.

The 1980 amendment deleted "and may delegate to him other duties it considers proper" at the end of the section.

Sec. 18.56.052. Executive director. The corporation shall employ an executive director, who may not be a member of the board. The executive director shall be appointed by the board of directors and serves at the pleasure of the board. (§ 3 ch 167 SLA 1978)

Sec. 18.56.055. Legal advisor. The attorney general is the legal counsel for the corporation. He shall advise the corporation in legal matters and represent it in suits. (§ 1 ch 107 SLA 1971)

Sec. 18.56.060. Employment of personnel. The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and, subject to the approval of the board, engage professional and technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director. (§ 1 ch 107 SLA 1971; am § 4 ch 167 SLA 1978; am § 16 ch 106 SLA 1980)

Effect of amendments. — The 1978 amendment rewrote this section.
The 1980 amendment added "including

the executive director" at the end of the section.

Chapter 101

Chapter 102

AN ACT

Relating to state housing loan and state alternative
technology loan programs; and providing for an effective
date.

* Section 1. AS 18.55.996(a) is amended by adding a new paragraph to
read:

(14) Sitka Community Association (Baranof Island)

18.55.996(a)(14)

* Sec. 2. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The

18.56.082

Alaska housing finance revolving fund is established in the corpora-
tion. The revolving fund consists of appropriations made to the
revolving fund by the legislature, money or other assets transferred
to the revolving fund by the corporation and unrestricted repayments
of principal on loans made or purchased by the corporation. Amounts
deposited in the revolving fund shall be expended for the purposes of
the corporation, set out in this chapter.

* Sec. 3. AS 18.56.089 is amended to read:

Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of
the corporation is subject to the Executive Budget Act (AS 37.07). To
further ensure effective budgetary decision making by the legislature,
the corporation shall present a complete accounting of all assets of
the corporation, including assets of the Alaska housing finance
revolving fund, to the legislature by January 10 of each year. The
accounting shall be audited by an independent outside auditor and

18.56.089

SCS CSHB 302(R1s)

housing insurance account, a rural housing hazard insurance fund and a rural housing title insurance fund.

The 1981 amendment repealed para-

graph (1) which concerned the power to make or participate in the making of construction loans.

Sec. 18.56.091. Home ownership fund. There is established in the corporation the home ownership fund, consisting of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase homes financed under the special mortgage loan purchase program by providing a subsidy to the persons in an amount not greater than the difference between

(1) the amount annually required to pay interest and principal on that person's loan and real property taxes and insurance for the home purchased with the loan; and

(2) 25 percent of that person's annual gross income. (§ 22 ch 106 SLA 1980)

Sec. 18.56.092. Veterans' loans for residential housing.

Repealed by § 77 ch 106 SLA 1980.

Editor's notes. — The repealed section derived from § 7 ch. 151 SLA 1975.

Sec. 18.56.093. Insurance. (a) There is established in the corporation the housing insurance fund, the rural housing hazard insurance fund, and the rural housing title insurance fund. The funds shall be completely segregated from all other funds of the corporation, and are trust funds for the uses and purposes of this section. The corporation may adopt regulations under AS 18.56.088 and enter into agreements with respect to the exercise of any power relating to the funds under this section, including, without limitation, agreements as to the use of the money in the funds, agreements with respect to the terms and conditions upon which payments from the funds must be made to the corporation with respect to mortgage loans insured under this section, agreements as to accounts or subaccounts in the funds for different categories of loans, and agreements regarding the payment of and security for bonds of the corporation. The corporation may pledge, assign, or grant other interests in the funds as may be necessary or appropriate in connection with the insurance of mortgage loans and to provide for the payment of and security for bonds of the corporation.

(b) In addition to any other fees and charges which the corporation may charge on mortgage loans, the corporation may collect, or cause to be collected, insurance commitment fees and insurance premiums on mortgage loans insured by a fund under this section.

(c) A mortgage loan purchased by the corporation as part of its special mortgage loan purchase program may be insured by the housing

been or may, after the date of determination of actuarial soundness, be appropriated pursuant to (f) of this section, including, without limitation, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the mortgage insurance fund, and any other appropriate factors. (§ 8 ch 151 SLA 1975; am §§ 23 — 26, 77 ch 106 SLA 1980)

Effect of amendments. — The 1980 amendment deleted "including a state veterans' loan" following "A mortgage loan" near the beginning of subsection (d), deleted the former second sentence in subsection (d), which read, "In addition, a state veterans' loan may be insured if the loan-to-value ratio does not exceed 90 percent," deleted "including state veterans' loans" following "or mortgage loans" near the beginning of paragraph (1) in subsection (e), inserted "and economic development" following "commissioner of commerce" near the end of paragraph (1)

in subsection (e), inserted "and economic development" preceding "shall determine" near the beginning of subsection (f), inserted "of commerce and economic development" following "the commissioner" near the beginning of the second sentence and near the beginning of the third sentence in subsection (f), inserted "and economic development" following "commissioner of commerce" near the end of paragraph (4) of subsection (h), and repealed the following: paragraph (2) of subsection (e); subsection (g); and paragraph (5) of subsection (h).

Sec. 18.56.096. Limitation on power to make or purchase mortgage loans. The corporation may not make, participate in the making of, purchase, or participate in the purchase of

(1) a first mortgage loan under this chapter that exceeds the limitations on first mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio, or

(2) a second mortgage loan the amount of which, when combined with the principal balance of a first mortgage loan on the property, exceeds the limitation on the amount set out in (1) of this section or that has a loan-to-value ratio, when considered with the principal balance of the first mortgage loan, that exceeds 90 percent. (§ 27 ch 106 SLA 1980; am § 3 ch 115 SLA 1981)

Effect of amendments. — The 1981 amendment designated part of the former section as paragraph (1) and added paragraph (2). In paragraph (1), the amend-

ment added "first" preceding "mortgage" twice, substituted "that" for "which" preceding "exceeds the limitations" and added "or" following "loan-to-value ratio."

Sec. 18.56.097. Collateral for loans. Under procedures established by regulations of the corporation adopted in accordance with AS 18.56.088 a person may pledge as security for the repayment of a loan made, purchased or insured by the corporation under this chapter a

(G)^{cont.} (5) The interest rate on a mortgage loan purchased from money appropriated to the corporation is the rate the corporation determines is appropriate by application of the provisions of (1) — (4) of this subsection. The rate may be based on an estimate of the cost of funds of a proposed issue or issues of bonds.

(6) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) is 10 percent or the cost of the funds, whichever is less. A higher or lower interest rate shall be established on the entire loan amount if required under the Mortgage Subsidy Bond Tax Act.

(7) In this subsection

(A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under the provisions of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of first mortgage loans.

(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 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. (§ 27 ch 106 SLA 1980; am §§ 4 — 7, 51 ch 115 SLA 1981)

Effect of amendments. — The 1981 amendment added "first or second" preceding "mortgage loans," added "improvement, or rehabilitation" preceding "of residences," deleted paragraph designation (1) preceding "for the purchase" and deleted "or (2) for the refinancing of a mortgage loan on a residence if the purpose of the refinancing is to provide money for the improvement or rehabilitation of the residence" in subsection (a). In subsection (c), the amendment added the language beginning "and may expend amounts" and ending "equal the rates specified in this section" near the end of the subsection. In subsection (e), the amendment substituted "the" for "in order to discourage the speculative use of mortgage credit under the special mortgage loan purchase program for purposes other than home ownership, the" at the

beginning of the second sentence, substituted "restricting" for "otherwise setting conditions on" preceding "the right to assume," added "or the right to provide for the payment of" preceding "mortgage loans purchased" and added "by a person other than the mortgagor" following "of this section" at the end of the second sentence and added the present third and fourth sentences of the subsection. The amendment also added subsections (g) and (h) and repealed subsection (d) concerning interest rates charged on mortgage loans purchased under subsection (a) and repealed subsection (f) (3) which defined "mortgage program cost."

Editor's notes. — For 1980 priorities in the purchase of mortgage loans by the Alaska Housing Finance Corporation, see § 11, ch. 106, SLA 1980, in the 1980 Temporary and Special Acts and Resolves.

(16) to provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all the bonds, notes or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

(17) to vest in a trustee or trustees within or outside the state such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes, and to limit or abrogate the right of the holders of any bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;

(18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the corporation with the holders of its bonds or notes;

(19) to agree with any corporate trustee which may be any trust company or bank having the powers of a trust company within or outside the state as to the pledging or assigning of revenues or funds to which or in which the corporation has any rights or interest; the agreement may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;

(20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or such other fiduciaries as the resolution may provide within or outside the state;

(21) to limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes;

(22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the corporation, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section.

(g) Notwithstanding AS 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, 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. (§ 1 ch 107 SLA 1971; am § 11 ch 115 SLA 1981)

of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended. (§ 1 ch 107 SLA 1971)

Sec. 18.56.170. Credit of state not pledged. (a) Obligations issued under the provisions of this chapter do not constitute a debt, liability or obligation of the state or of any political subdivision of the state or a pledge of the faith and credit of the state or of any such political subdivision but are payable solely from the revenues or assets of the corporation. Each obligation issued under this chapter shall contain on its face a statement that the corporation is not obligated to pay it nor the interest on it except from the revenues or assets pledged for it and that neither the faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter and no liability may be incurred by the corporation in excess of these funds. (§ 1 ch 107 SLA 1971)

Sec. 18.56.180. Officers not liable. No member or other officer of the corporation is subject to personal liability or accountability by reason of his execution of any obligations or the issuance of them. (§ 1 ch 107 SLA 1971)

Sec. 18.56.190. Tax exemption. (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for their well-being and prosperity and for the improvement of their social and economic conditions, and the corporation is not required to pay a tax or assessment on any property owned by the corporation under the provisions of this chapter or upon the income from it, except taxes on real property of which the corporation is fee owner.

(b) All obligations issued under this chapter are hereby declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenues, income and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from taxation except for transfer, inheritance and estate taxes. (§ 1 ch 107 SLA 1971)

Sec. 18.56.200. Annual report. (a) The corporation shall prepare and transmit annually a report accounting to the governor and the legislature for the efficient discharge of all responsibility assigned by law or by directive to the corporation.

(b) By January 10 of each year, the board shall publish a report of the corporation for distribution to the governor, legislature, and the

Asper
3/21/84✓

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 663 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-
7 ration; and providing for an effective date."

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

9 * Section 1. AS 18.56.091 is amended to read:

10 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The
11 corporation shall implement a home ownership assistance program [THERE
12 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING
13 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND
14 SHALL BE USED SOLELY] to assist persons of lower and moderate income
15 to purchase homes financed under the special mortgage loan purchase
16 program by providing a subsidy to the persons in an amount not greater
17 than the difference between

18 (1) the amount annually required to pay interest and prin-
19 cipal on that person's loan and real property taxes and insurance for
20 the home purchased with the loan; and

21 (2) 25 percent of that person's annual gross income.

22 * Sec. 2. AS 18.56.096 is amended to read:

23 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE
24 LOANS. (a) The corporation may not make, participate in the making
25 of, purchase, or participate in the purchase of

26 (1) a first mortgage loan under this chapter for a duplex,
27 triplex, or four-plex that exceeds the limitations on first mortgage
28 loans for similar housing purchased by the Federal National Mortgage
29 Association as to principal amount and loan-to-value ratio;

1 (2) a second mortgage loan for a duplex, triplex, or four-
2 plex the amount of which, when combined with the principal balance of
3 a first mortgage loan on the property, exceeds the limitation on the
4 amount set out in (1) of this subsection [SECTION] or that has a
5 loan-to-value ratio, when considered with the principal balance of the
6 first mortgage loan, that exceeds 90 percent;

7 (3) a mortgage loan to finance the purchase of new housing
8 or for the improvement or rehabilitation of existing housing, unless
9 the construction, improvement, or rehabilitation work has been per-
10 formed by a contractor who is registered to work as a contractor under
11 AS 08.18; this paragraph does not apply if the construction, improve-
12 ment, or rehabilitation work

13 (A) has been totally or substantially performed by the
14 borrower;

15 (B) has been performed by a borrower who acts as the
16 contractor for the construction, improvement, or rehabilitation
17 work; or

18 (C) has been performed in an area designated by the
19 corporation as exempt from the requirements of this paragraph
20 because of the unavailability of registered contractors in that
21 area;

22 (4) a first mortgage loan for a single-family residence
23 that exceeds the limitations on first mortgage loans for similar
24 housing purchased by the Federal National Mortgage Association as to
25 principal amount by more than 10 percent, or has a loan-to-value ratio
26 that exceeds 95 percent, or a second mortgage loan for a single-family
27 residence, the amount of which, when combined with the principal
28 balance of a first mortgage loan on the property, exceeds the limita-
29 tions on loans for similar housing purchased by the Federal National

1 Mortgage Association as to principal amount by more than 10 percent,
2 or has a loan-to-value ratio, when considered with the principal
3 balance of the first mortgage loan, that exceeds 90 percent; [OR]

4 (5) a first or second mortgage loan for rental housing
5 unless the borrower agrees not to discriminate against tenants or
6 prospective tenants because of sex, marital status, changes in marital
7 status, pregnancy, parenthood, race, religion, color, national origin,
8 or status as a student; or

9 (6) a first mortgage loan if the borrower has an outstand-
10 ing first mortgage housing loan under a state loan program, other than
11 a loan for nonowner-occupied housing under AS 44.47.520.

12 (b) The loan-to-value limitation established in (a)(4) of this
13 section does not apply to a qualified loan that is federally insured
14 or guaranteed.

15 * Sec. 3. AS 18.56.098(g) is amended to read:

16 (g) The corporation shall establish the interest rate on a first
17 mortgage loan purchased under (a) of this section in accordance with
18 the following:

19 (1) The interest rate on the first \$90,000 of a mortgage
20 loan purchased with the proceeds of an issue of taxable bonds of the
21 corporation is three percent less than the cost of funds of that
22 issue, except that

23 (A) if the cost of funds of that issue is less than 10
24 percent, the interest rate is equal to the cost of funds; and

25 (B) if the cost of funds of that issue is more than 10
26 percent, the interest rate may not be less than 10 percent.

27 [(2) Repealed]

28 (2) [(3)] An interest rate determined under this subsection
29 on the first \$90,000 of a mortgage loan that is not purchased from the

1 proceeds of bonds that are qualified veterans' mortgage bonds under 26
2 U.S.C. 103A (the Mortgage Subsidy Bond Tax Act of 1980) [(26 U.S.C.
3 103A)], as amended, shall be reduced by one percentage point if the
4 loan is made to an eligible veteran under AS 18.56.101.

5 (3) [(4)] The interest rate for the amount of a mortgage
6 loan purchased under (a) of this section that exceeds \$90,000 is equal
7 to the cost of funds to the corporation attributable to that part of
8 the loan.

9 (4) [(5)] The interest rate on the first \$90,000 of a
10 mortgage loan purchased with money that is not the proceeds of either
11 taxable or tax-exempt bonds is the rate the corporation determines is
12 appropriate by application of the provision of (1) of this subsection.

13 (5) [(6)] The interest rate on the first \$90,000 of a
14 mortgage loan purchased from the proceeds an issue of bonds that are
15 exempt from taxation under 26 U.S.C. 103A (the Mortgage Subsidy Bond
16 Tax Act of 1980) [(26 U.S.C. 103A)], as amended, other than bonds that
17 constitute qualified veterans' bonds under (i) of this section, is
18 three percent less than the cost of funds of that issue, except that
19 (A) if the cost of funds of that issue is less than 10 percent, the
20 interest rate is equal to the cost of funds; and (B) if the cost of
21 funds of that issue is more than 10 percent, the interest rate may not
22 be less than 10 percent [10 PERCENT OR THE COST OF THE FUNDS, WHICH-
23 EVER IS LESS]. A higher or lower interest rate shall be established
24 on the entire loan amount if required under the Mortgage Subsidy Bond
25 Tax Act.

26 (6) [(7)] In this subsection

27 (A) "cost of funds" means the true interest cost
28 expressed as a rate on bonds of the corporation plus an addition-
29 al percentage as determined by the corporation to represent the

1 allocable expenses of operation, costs of issuance, and mortgage
2 servicing;

3 (B) "taxable bonds" means bonds bearing interest that
4 is taxable under the provisions of 26 U.S.C. 103A (the Mortgage
5 Subsidy Bond Tax Act of 1980) [(26 U.S.C. 103A)] issued to
6 finance the purchase of first mortgage loans.

7 * Sec. 4. AS 18.56.170(a) is amended to read:

8 (a) Obligations issued under the provisions of this chapter
9 other than state guaranteed bonds do not constitute a debt, liability
10 or obligation of the state or of any political subdivision of the
11 state or a pledge of the faith and credit of the state or of any such
12 political subdivision but are payable solely from the revenues or
13 assets of the corporation. Each obligation issued under this chapter
14 other than a state guaranteed bond shall contain on its face a state-
15 ment that the corporation is not obligated to pay it nor the interest
16 on it except from the revenues or assets of the corporation [PLEDGED
17 FOR IT] and that neither the faith and credit nor the taxing power of
18 the state or of any political subdivision of the state is pledged to
19 the payment of the principal of or the interest on the obligation.

20 * Sec. 5. The Alaska Housing Finance Corporation may issue bonds in the
21 principal amount of \$1,500,000,000 during the fiscal year ending June 30,
22 1985.

23 * Sec. 6. This Act takes effect July 1, 1984.
24
25
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28
29

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 663 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-
7 ration; and providing for an effective date."

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

9 * Section 1. AS 18.56.091 is amended to read:

10 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The
11 corporation shall implement a home ownership assistance program [THERE
12 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING
13 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND
14 SHALL BE USED SOLELY] to assist persons of lower and moderate income
15 to purchase homes financed under the special mortgage loan purchase
16 program by providing a subsidy to the persons in an amount not greater
17 than the difference between

18 (1) the amount annually required to pay interest and prin-
19 cipal on that person's loan and real property taxes and insurance for
20 the home purchased with the loan; and

21 (2) 25 percent of that person's annual gross income.

22 * Sec. 2. AS 18.56.096 is amended to read:

23 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE
24 LOANS. (a) The corporation may not make, participate in the making
25 of, purchase, or participate in the purchase of

26 (1) a first mortgage loan under this chapter for a duplex,
27 triplex, or four-plex that exceeds the limitations on first mortgage
28 loans for similar housing purchased by the Federal National Mortgage
29 Association as to principal amount and loan-to-value ratio;

1 (2) a second mortgage loan for a duplex, triplex, or four-
2 plex the amount of which, when combined with the principal balance of
3 a first mortgage loan on the property, exceeds the limitation on the
4 amount set out in (1) of this subsection [SECTION] or that has a
5 loan-to-value ratio, when considered with the principal balance of the
6 first mortgage loan, that exceeds 90 percent;

7 (3) a mortgage loan to finance the purchase of new housing
8 or for the improvement or rehabilitation of existing housing, unless
9 the construction, improvement, or rehabilitation work has been per-
10 formed by a contractor who is registered to work as a contractor under
11 AS 08.18; this paragraph does not apply if the construction, improve-
12 ment, or rehabilitation work

13 (A) has been totally or substantially performed by the
14 borrower;

15 (B) has been performed by a borrower who acts as the
16 contractor for the construction, improvement, or rehabilitation
17 work; or

18 (C) has been performed in an area designated by the
19 corporation as exempt from the requirements of this paragraph
20 because of the unavailability of registered contractors in that
21 area;

22 (4) a first mortgage loan for a single-family residence
23 that exceeds the limitations on first mortgage loans for similar
24 housing purchased by the Federal National Mortgage Association as to
25 principal amount by more than 10 percent, or has a loan-to-value ratio
26 that exceeds 95 percent, or a second mortgage loan for a single-family
27 residence, the amount of which, when combined with the principal
28 balance of a first mortgage loan on the property, exceeds the limita-
29 tions on loans for similar housing purchased by the Federal National