

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1168 SCOMM 24: HOUSE SPEC. COMMITTEE ON STATE LOANS 1983-84

105-W
SPECIAL - MORTGAGE

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,
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:

TAX - EXEMPT

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27 [(2) Repealed]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.
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Original sponsor: Kulas/Governor

Approved

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

3/28/84

IN THE HOUSE

CS FOR HOUSE BILL NO. 663 (Loans)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska Housing Finance Corporation; and providing for an effective date."

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

* Section 1. AS 18.56.050 is amended to read:

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. Among other duties that the board may delegate to the executive director, the board may delegate to the executive director the authority to sell an issue of bonds or notes of the corporation, providing that the board establish by resolution a maximum acceptable true interest cost on the bonds or notes to be sold under the delegation.

* Sec. 2. AS 18.56.091 is amended to read:

Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM (FUND). The corporation shall implement a home ownership assistance program [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

1 than the difference between

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

5 (2) 25 percent of that person's annual gross income.

6 * Sec. 3. AS 18.56.096 is amended to read:

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

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

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

20 (3) a mortgage loan to finance the purchase of new housing
21 or for the improvement or rehabilitation of existing housing, unless
22 the construction, improvement, or rehabilitation work has been per-
23 formed by a contractor who is registered to work as a contractor under
24 AS 03.18; this paragraph does not apply if the construction, improve-
25 ment, or rehabilitation work

26 (A) has been totally or substantially performed by the
27 borrower;

28 (B) has been performed by a borrower who acts as the
29 contractor for the construction, improvement, or rehabilitation

1 work; or

2 (C) has been performed in an area designated by the
3 corporation as exempt from the requirements of this paragraph
4 because of the unavailability of registered contractors in that
5 area;

6 (4) a first mortgage loan for a single-family residence
7 that exceeds the limitations on first mortgage loans for similar
8 housing purchased by the Federal National Mortgage Association as to
9 principal amount by more than 10 percent, or has a loan-to-value ratio
10 that exceeds 95 percent, or a second mortgage loan for a single-family
11 residence, the amount of which, when combined with the principal
12 balance of a first mortgage loan on the property, exceeds the limita-
13 tions on loans for similar housing purchased by the Federal National
14 Mortgage Association as to principal amount by more than 10 percent,
15 or has a loan-to-value ratio, when considered with the principal
16 balance of the first mortgage loan, that exceeds 90 percent; [OR]

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

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

25 (b) The loan-to-value limitation established in (2)(4) of this
26 section does not apply to a qualified loan that is federally insured
27 or guaranteed.

28 * Sec. 4. AS 18.56.098(g) is amended to read:

29 (g) The corporation shall establish the interest rate on a first

1 mortgage loan purchased under (a) of this section in accordance with
2 the following:

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

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

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

11 (2) [Repealed]

12 (3) An interest rate determined under this subsection on
13 the first \$90,000 of a mortgage loan that is not purchased from the
14 proceeds of bonds that are qualified veterans' mortgage bonds under
15 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as
16 amended, shall be reduced by one percentage point if the loan is made
17 to an eligible veteran under AS 18.56.101.

18 (3) [(4)] The interest rate for the amount of a mortgage
19 loan purchased under (a) of this section that exceeds \$90,000 is equal
20 to the cost of funds to the corporation attributable to that part of
21 the loan.

22 (4) [(5)] The interest rate on the first \$90,000 of a
23 mortgage loan purchased with money that is not the proceeds of either
24 taxable or tax-exempt bonds is the rate the corporation determines is
25 appropriate by application of the provision of (1) of this subsection.

26 (5) [(6)] The interest rate on the first \$90,000 of a
27 mortgage loan purchased from the proceeds of bonds that are exempt
28 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26
29 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified

1 veterans' bonds under (i) of this section, is equal to the interest
2 rate determined under (1) - (3) of this subsection on a loan purchased
3 under (a) of this section from the proceeds of the most recent appli-
4 cable issue of taxable bonds sold by the corporation [10 PERCENT OR
5 THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower interest
6 rate shall be established on the entire loan amount if required to
7 insure the tax-exempt status of the bonds [UNDER THE MORTGAGE SUBSIDY
BOND TAX ACT].

9 (b) [(7)] In this subsection

10 (A) "cost of funds" means the true interest cost
11 expressed as a rate on bonds of the corporation plus an addi-
12 tional percentage as determined by the corporation to represent
13 the allocable expenses of operation, costs of issuance, and
14 mortgage servicing;

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

19 * Sec. 5. AS 18.56.170(a) is amended to read:

20 (a) Obligations issued under the provisions of this chapter
21 other than state guaranteed bonds do not constitute a debt, liability
22 or obligation of the state or of any political subdivision of the
23 state or a pledge of the faith and credit of the state or of any such
24 political subdivision but are payable solely from the revenues or
25 assets of the corporation. Each obligation issued under this chapter
26 other than a state guaranteed bond shall contain on its face a state-
27 ment that the corporation is not obligated to pay it nor the interest
28 on it except from the revenues or assets of the corporation [PLEDGED
29 FOR IT] and that neither the faith and credit nor the taxing power of

1 the state or of any political subdivision of the state is pledged to
2 the payment of the principal of or the interest on the obligation.

3 * Sec. 6. The Alaska Housing Finance Corporation may issue bonds in the
4 principal amount of \$1,500,000,000 during the fiscal year ending June 30,
5 1985.

6 * Sec. 7. This Act takes effect July 1, 1984.
7

Alaska HOUSING FINANCE CORPORATION

March 28, 1984

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

Dear Mr. Chairman:

A committee substitute to HB 663 has been introduced which may have a substantial effect on the actual subsidy costs of the Special Mortgage Loan Purchase Program operated by Alaska Housing Finance Corporation and cause drastic disparities in interest rates available under various programs offered by the Corporation.

Section 3 of CS for HB 663 would establish the interest rate for residences financed under the Tax Exempt Mortgage Loan Purchase (first time homebuyers) Program at three percent below the cost of funds for the related tax exempt bond issue for the first \$90,000 of the loan with the excess at the cost of funds (provided, however, that the rate may not be below ten percent unless the cost of funds is below ten percent). The original language of HB 663 established the rate on the first \$90,000 of the loan at the rate then available under the Corporation's Taxable First Mortgage Program. This was a proposed modification to the existing provision which allows for a fixed ten percent rate to apply to the first \$90,000 irrespective of what the actual cost of funds of the related issue may be or current rates available under the Taxable Program.

The Corporation's budget for FY 85 did not anticipate the sale of bonds under § 103A of the Internal Revenue Code due to the expiration of federal authorization for the issuance of the bonds. Consequently, the Corporation's concerns over the modification cannot be expressed in terms of the impact on the capital budget request for FY 85. What can be demonstrated, however, is the actual cost of the amendment given certain assumptions.

Should the authorization for tax exempt bonds be reinstated by Congress allowing the Corporation to issue \$200 million of the bonds

The Honorable Rick Uehling
March 28, 1984
Page 2

during FY 85, based upon current capital market interest rate levels the actual subsidy related to the tax exempt program may be \$16 to \$20 million greater with the committee substitute than it would be based upon the original provision of HB 663. This would result from the interest rate on the first \$90,000 of a mortgage loan being one percent less with the substitute proposal, thereby increasing the required subsidy funds.

The Corporation suggested the change in the Tax Exempt Program setting the subsidized interest rate at the same rate available under the Taxable First Mortgage Program to increase the predictability of annual subsidy costs and provide equity in mortgage rates available under the Corporation's programs.

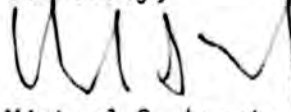
Also, as mentioned at the committee hearing the Corporation intends to finance the Mobile Home Loan Purchase Program through the issuance of bonds. An IRS revenue ruling is being requested to allow the bonds to be sold in the tax-exempt market pursuant to § 103(a) of the Internal Revenue Code. Currently, the statutes do not provide for the establishment of interest rates for loans purchased with the proceeds of such bonds.

Based upon the above, we recommend § 3 of CSHB 663 be as follows:

* Sec. 3. AS 18.56.098(g)(6) is amended to read:

(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), AS AMENDED] other than bonds that constitute qualified veterans' bonds under (i) of this section, is equal to the interest rate determined under (1) -- (4) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds sold by the corporation [10 PERCENT OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower interest rate shall be establishes on the entire loan amount if required [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT] to insure the tax-exempt status of the bonds.

Sincerely,



Michael S. Lynch
Executive Director
Alaska Housing Finance
Corporation

MSL:jas

FOR IMMEDIATE RELEASE
WEDNESDAY, OCTOBER 19, 1983

W. B. Holmberg
Kathleen Crowley

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
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**THE HONORABLE DAN ROSTENKOWSKI (D., ILL.), CHAIRMAN
COMMITTEE ON WAYS AND MEANS
ANNOUNCES COMMITTEE APPROVAL OF LEGISLATIVE CHANGES
RELATING TO THE ISSUANCE OF TAX-EXEMPT BONDS**

The Honorable Dan Rostenkowski (D., Ill.), Chairman of the Committee on Ways and Means, announced that the Committee yesterday approved the following legislative changes to the rules governing the issuance of tax-exempt bonds:

A. MORTGAGE SUBSIDY BONDS

1. Sunset Date: Under present law, authority to issue tax-exempt bonds, the proceeds from which are used to finance owner-occupied housing (other than qualified veterans' mortgage bonds), expires after December 31, 1983. The Committee agreed to postpone that sunset date for five years, to December 31, 1988.

2. Veterans' Mortgage Bonds: Under present law, authority to issue mortgage subsidy bonds, other than qualified veterans' mortgage bonds, is limited in each State to specific amounts. The Committee agreed to include veterans' mortgage bonds within these volume limits by reducing the volume limits in each year, beginning in 1984, by the volume of veterans' mortgage bonds issued in the prior year. Veterans' mortgage bonds issued pursuant to a voter referendum approved prior to October 19, 1983, or pursuant to a referendum scheduled by October 18, 1983, for a referendum in 1983, would not be subject to this provision. Authority to issue veterans' mortgage bonds would expire after December 31, 1988, along with other mortgage subsidy bond authority.

3. Reporting Requirements: The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) required that issuers of tax-exempt bonds that are industrial development bonds, student loan bonds or bonds issued for the benefit of tax-exempt organizations submit information reports to the Internal Revenue Service. The Committee agreed to extend the reporting requirements of TEFRA to all mortgage subsidy bonds.

4. Limited Equity Housing Cooperatives: The Committee agreed to permit blanket mortgages for limited equity cooperative housing projects to be financed with bonds issued under rules similar to those for multi-family housing projects. Bonds issued for such purposes would be charged against volume caps for mortgage subsidy bonds. Owners of cooperative units so financed would not be permitted to deduct their share of mortgage interest payments and property taxes.

B. MORTGAGE CREDIT CERTIFICATES

The Committee agreed to permit State and local governments to elect, for any year, to exchange all, or a part of, their qualified mortgage bond authority for authority to issue qualified mortgage credit certificates (MCCs). The amount of authority which could be exchanged would be restricted to nine percent of the average volume of single-family mortgages in the prior three years. MCCs would entitle homeowners to nonrefundable credits not exceeding 50 percent (but not less than 10 percent) of mortgage interest on qualifying principal residences. The credits would be subject to the existing eligibility requirements for qualified mortgage bonds. Credits not usable by the homeowner in the current year could be carried over.

(MORE)

Bond authority generally could be converted to credit authority by reducing the mortgage bond authority for which the issuer elects to grant credits. Thus, if a State converted \$100,000,000 of issuing mortgage bond authority, it could provide a fifteen percent credit to homeowners with mortgages totaling \$100,000,000. Alternatively, for example, it could provide thirty percent credits to homebuyers with mortgages totaling \$50,000,000. For States and localities which issued less than their full authorized volume of mortgage subsidy bonds in 1983, the authority to issue MCCs would be phased in over a five-year period. The 1983 volume would be an annualized amount based on the actual issues in the first nine months of 1983. MCCs would be subject to the December 31, 1988 sunset for mortgage subsidy bonds.

MCCs could be distributed only following the announcement by the State or local government, at least 90 days before distribution, of a proposed plan of distribution.

C. VOLUME CAPS FOR PRIVATE PURPOSE BONDS

The Committee agreed to set State-by-State volume caps of \$150 per capita for all private purpose bonds other than mortgage subsidy bonds and bonds issued to benefit 501(c)(3) organizations (i.e., the cap would include all IDBs and student loan bonds). The cap would not apply to bonds issued for traditional public purposes (e.g., schools, roads, and public improvement projects and the financing of the public debt). The cap would be adjusted after 1986 to reflect the termination of small issue IDBs scheduled under current law.

The following provisions apply to the implementation of the volume caps:

1. The volume cap for each State would be set by multiplying \$150 by the population of the State (as most recently estimated by the Bureau of the Census).

2. For States whose 1983 volume of issuance exceeded \$150 per capita, the cap for 1984 would be increased by 1/2 of the difference between the 1983 volume and the otherwise applicable cap. The volume for 1983 would be determined by annualizing the volume through September (to prevent a rush to market).

3. Refinancing of outstanding issues (so long as maturity is not extended) and rollover of short-term construction financing would not count towards the cap.

4. Each State's cap would be allocated according to the principles for allocation of mortgage subsidy bond authority. Thus, for each State, authority would be allocated 50 percent to the State and 50 percent to local issuers on the basis of population, unless the State legislature (or governor, on an interim basis) determines an alternate method of allocation. Local volume caps would be allocated to the smallest units which exercise general governmental powers and which have authority under the State constitution or statutes to issue bonds for these purposes. A special allocation would be made for constitutional home rule cities (as was the case for mortgage bonds).

5. State and local governments with authority to issue IDBs or student loan bonds could designate a portion of any one year's authority to be used in any one of the next three years for a specific project (other than a project to be financed with small issue IDBs) or for student loan bonds.

(MORE)

D. RESTRICTIONS ON ACBS DEDUCTIONS FOR IDB-FINANCED PROPERTY

Under present law, property financed with IDBs must generally be depreciated using the straight-line method over the ACRS recovery period. There are four exceptions to this rule: multi-family rental housing, sewage or solid waste disposal facilities, air pollution control facilities, and projects supported by UDAG grants. The Committee agreed to repeal these exceptions in all cases except multi-family rental housing.

E. OTHER PROVISIONS

1. Use of IDBs for Purchase of land or Existing Facilities.

Under present law, there is no general limitation on the use of IDBs to acquire land or existing facilities. The Committee agreed to prohibit the use of IDBs to acquire land or existing facilities unless (1) the purchaser uses bond proceeds to finance a substantial rehabilitation of existing facilities, or (2) the purchaser uses bond proceeds to acquire farm or ranch land and (a) the purchaser is a first-time owner of farm or ranch land, (b) the purchaser operates the farm or ranch, and (c) where no more than \$250,000 in small issue IDB financing per principal user is outstanding after issue.

2. Limitation on Small Issue IDBs Outstanding Per Principal User. Under present law, no more than \$10 million of IDBs can be issued with respect to a single facility under the "small issue exception." This limitation does not prevent a single firm, for example a national retail chain, from using small issue IDBs to finance facilities in many different locations. The Committee agreed to allow small issue IDBs only to the extent that, for any one principal user, not more than \$40 million of IDBs is outstanding after issuance. A rule was agreed to regarding the allocation of a particular bond issue among principal users for purposes of the \$40 million limitation.

3. Denial of Tax-Exemption for Bonds Issued with Federal Guarantees. Under present law, some tax-exempt bonds are issued in conjunction with Federal government guarantees. An example is a bond issue the proceeds of which are deposited on behalf of each purchaser in an institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC), and the proceeds are then loaned to the user by the depository institution. The Committee agreed to deny tax-exemption in such cases to assure that no bonds would be more attractive than Treasury securities or the general obligation bonds of State and local governments. This provision would not apply in the case of FHA and VA home mortgage guarantees or student loan guarantees.

4. Extension of Code Provisions to Tax-Exempt Bonds Issued under Non-Code Provisions of Law. Under present law, some bonds derive their tax-exempt status from provisions of law other than the Internal Revenue Code. Examples include bonds issued by the District of Columbia, the possessions and certain bonds issued under the Housing Act of 1937. The Committee agreed to apply the tax-exempt bond provisions of the Code, for example, arbitrage restrictions and restrictions on industrial development bonds, to these non-Code bonds.

5. Small Issue Limitations Applied to Entire Projects. Under present law, the capital expenditure limitations applicable to small issue IDBs have been interpreted as applying to individual principal users. Thus, under condominium arrangements, office buildings have been financed with IDBs where the entire building would violate the capital expenditure limitations but no single condominium unit exceeds those limitations. The Committee agreed to amend the small issue capital expenditure limitations to prevent that result.

6. Principal User Rules. Under present law, a principal user of a facility financed by IDBs cannot own the bonds used to finance the facility. Because the regulations interpreting this provision provide a de minimus exception in the definition of principal user, under some partnership arrangements, the intent of the provision has been avoided. Under these arrangements, for example, a one percent partner in a firm may be able to own tax-exempt bonds used to finance the firm's facilities and be able to deduct a share of the interest paid on the bonds. The Committee agreed to amend the principal user provision to prevent this result.

7. Arbitrage Rules. Under present law, the spread between the effective interest rate on mortgage subsidy bonds and the interest rate paid by homeowners who use the proceeds of the issue cannot exceed 1.125 percent. The Committee agreed to extend this rule to all IDBs and student loan bonds.

8. Prohibited Uses of Small Issue IDBs. Under present law, the proceeds of small issue IDBs cannot be used for certain specific purposes such as a country club, tennis club, hot tub facility or race track. The Committee agreed to add liquor stores, sky boxes in sports facilities, private airplanes and gambling establishments to the list of prohibited uses.

9. Mixed Use Projects. The Committee agreed to permit IDB financing for the multi-family rental housing portion of a project that includes some commercial or other use.

10. UDAG Supported Projects. The Committee agreed to increase, from \$20 million to \$25 million, the size of projects, supported with UDAG grants, that can be financed with small issue IDBs (up to the \$10 million limit). Such grants must equal at least 5 percent of total capital expenditures for the project to qualify under this rule.

11. Airports. The Committee agreed to modify the public official approval rules of TEFRA in the case of airports located in more than one jurisdiction. In this case, it was agreed that the approval requirement could be met by the one jurisdiction which owns the airport.

F. EFFECTIVE DATES AND TRANSITION RULES

1. The provisions approved by the Committee would generally apply to bonds issued after December 31, 1983.

2. The provision denying tax-exemption for bonds guaranteed by the Federal government would be effective for bonds issued after April 14, 1983, in the case of bonds issued in connection with FDIC or FSLIC deposit insurance.

3. The restrictions on depreciation deductions for IDB-financed property would apply generally to property placed in service after December 31, 1983. However, the restrictions would not apply to a facility placed in service after December 31, 1983, if the original use commences with the taxpayer and either--

(a) construction of the facility had commenced before October 19, 1983, or

(b) a binding contract existed on October 18, 1983, and at all times thereafter, which committed the purchaser to incur significant expenditures (the lesser of \$15 million or 20 percent of the total cost of the facility) for construction or acquisition of the facility, or

(c) a ruling request with respect to the use of the facility had been filed with the IRS by a government unit on or before October 18, 1983.

The restrictions would not apply to property placed in service after December 31, 1983, to the extent the property is financed with tax-exempt bonds issued before October 19, 1983.

4. The provisions with respect to Federally guaranteed bonds and the application of the small issue limitation would not apply to facilities if:

(a) the construction of the facility had commenced before October 19, 1983, or

(b) a binding contract existed on October 18, 1983, and at all times thereafter, which committed the purchaser to incur significant expenditures for construction or acquisition of the facility.

5. Any project which has received preliminary approval for IDB financing prior to October 19, 1983, would receive priority under volume caps for 1984, unless prohibited by State statute.

6. Certain additional transition rules were agreed to by the Committee.

* * * *

NOTICE

It is the policy of the Committee on Ways and Means to issue timely press releases with respect to decisions made by the Committee in the case of all major legislative markups. These press releases are necessarily brief in nature and only represent a summary of many complex legislative changes. These press releases should not be relied upon or cited as precedents or interpreted by taxpayers with respect to actual statutory language approved by the Committee.

November 8, 1983

The Honorable Robert Dole
Chairman
Senate Finance Committee
221 Senate Dirksen Office Building
Washington, DC 20510

Dear Chairman Dole:

Last July, the Senate endorsed the continuation of tax-exempt bond programs for home mortgages. Unfortunately, the mortgage bond provision was dropped in the conference on interest and dividend withholding because it had not yet been considered by the House. Now, the Ways and Means Committee has approved a bill that would extend the tax exemption on mortgage bonds. The time has come for the Senate Finance Committee to act on this legislation once again.

The Ways and Means Committee has approved a five-year extension on the tax exemption for qualified mortgage bonds, placing no new restrictions on the operation of these programs (except for a change in treatment of veterans bonds). In addition, the House bill would create the "mortgage credit certificate" option, whereby state and local agencies could elect to offer tax credits instead of tax-exempt financing.

If enacted, these provisions would allow mortgage revenue bond programs to continue without new rules and regulations that threaten to put them out of business. In just five years, the program would be up for review again, along with the tax credit plan, which would have been given a test as well.

While we have long supported the complete elimination of the sunset date on this important program, we recognize that some members of Congress continue to have concerns about the use of these bonds. The House position strikes a reasonable compromise. We urge the Senate Finance Committee to adopt similar language.

One aspect of the House bill which we do not support is the fact that qualified veterans bonds would ~~count against~~ the volume cap for mortgage revenue bonds. In the 1980 Act, Congress exempted veterans bonds from most of the restrictions governing "qualified mortgage bonds." This separate treatment reflects both the special purpose served by veterans programs and the belief that these issues—which are general obligation bonds—should not be subject to the same restrictions as revenue bonds. We see no justification for the change adopted in the House bill.

With this exception, however, we support the compromise on mortgage revenue bonds contained in the House bill. We ask the Senate Finance Committee to adopt these provisions as well.

National Governors' Association
National Association of Counties
National Association of Housing and
Redevelopment Officials
Association of Local Housing Finance
Agencies
National Association of Home Builders
National Lumber and Building Material
Dealers Association
Northeastern Retail Lumbermen's
Association

United States Conference of Mayors
National Conference of State Legislatures
Council of State Housing Agencies
American Institute of Architects
Council of State Community Affairs Agencies
National Association of Realtors
Public Securities Association

Alaska State Legislature

POUCH 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

M E M O R A N D U M

Date: March 27, 1984
To: Members, House Special Committee on State Loans
From: Rep. Rick Uehling, Chairman
Subject: Changes in HB 663

I have asked staff to prepare the following outline of the Committee substitute for HB 663.

Sec. 1 Section 1 of the original version has been deleted in this version.

Sec. 2 is renumbered.

Sec. 3 Section 3 of the new version, which was Sec. 4, has been changed to bring the interest rate on the first \$90,000 of mortgage purchased with tax-exempt bonds for the first time home buyers program under the same provisions for mortgages purchased with taxable bonds for the Special mortgage purchase program. The two programs would not be tied together as under the original bill, but would operate in the same manner, only independently.

The remaining sections have been renumbered.

RAU/as

Alaska State Legislature

POUCH 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

DATE: March 15, 1984
TO: Members, House Special Committee on State Loans
FROM: Representative Rick Uehling *RU*
Subject: HB 663

I have requested staff prepare the following analysis of HB 663. The first of a series of four bills introduced by the Governor for the Alaska Housing Finance Corporation.

HB 663 is the longest and most complicated of the four bills to be introduced. It consists of 7 sections, two of which, the committee should examine more thoroughly.

Sec. 1) Would give the executive director the right to sell an issue of bonds within the frame work set by the board of directors of AHFC.

Sec. 6) Would raise AHFC's yearly bond issuance ceiling to 1.5 billion in bonds from a previous ceiling of 980 million. This would be an increase of 520 million dollars in bonds yearly.

Sections 2,3,4,5 contain technical changes and changes in drafting errors in already existing statutes. These changes create reorganization of the structure and the mechanics of AHFC. The effects of these changes and the details of how they would be carried out are not clearly delineated in the wording of the bill.

Section 7 provides and effective date of July 1, 1984.

A more detailed analysis will follow this brief overview.

Sec. 1) Would give the Executive Director of the AHFC the authority to sell bonds within a time framework set by the board of directors.

Q) Why is this change necessary?

Sec. 2) Restructures the organization of AHFC by eliminating the statutes that establish the Home Ownership Fund. AHFC would be required to implement a Home Ownership Assistance Program. In its companion bill, HB 664 all assets of the Home Ownership Fund are transferred to the Alaska Finance Revolving Fund. The Alaska Housing Finance Revolving Fund is then required to implement the Housing Ownership Assistance Program to assist persons of moderate and lower incomes. It is not clear how this change will effect AHFC's existing Home Ownership Fund program or in what manner the mobile home program is to continue.

Q) Why is not the existence of the Mobile Home Program clarified in the proposed changes to the statutes?

Sec. 3) Removes the owner occupied clause and limits the the borrower to one state subsidized housing loan, with one exception, (non owner occupied housing under AS 44.47.520). The question has arisen whether the change in wording is clear.

This section also would remove the AHFC loan-to-value limitation on loans that are federally insured or guaranteed. This has always been allowed with AHCF in the past, however due to a drafting error in the language used in the 1983 bill, these programs were excluded from 100% financing.

Sec. 4) This section would equalize the interest rate on the first \$90,000. in three programs under the Alaska Housing Finance Corporation. The three programs are the Taxable Program, The First Time Home Buyers Tax-Exempt Program and the Veterans Mortgage Program. It would appear that AHFC could generate revenue from this arrangement due to the spread of interest rates.

Q) AHFC should provide to the committee the current interest rates for the 3 programs on the first \$90,000. and what those rates would be changed to under this section.

Sec. 5) Clarifies and limits the AHFC bond obligations to the revenues and assets of the corporation.

Q) Why is this change necessary? Doesn't this limitation currently apply?

Sec. 6) Would raise AHFC's annual bonding authority from \$980 million to \$1.5 billion. This is an increase of \$520 million of bonded indebtedness per year.

Q) Would a yearly limit of 1.3 billion be sufficient and if not, why?

Sec. 7) Provides an effective date of July 1, 1984.

Alaska State Legislature

POUCH 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

Date: March 15, 1984
To: Members, House Special Committee on State Loans
From: Rep. Rick Uehling *RUEHLING*
Subject: HB664, HB666

I have requested staff to prepare the following analysis of HB664, and HB666.

HB664 is the second of four bills introduced by the Governor on behalf of the AHFC. Section 1 of HB664 appropriates the 1985 program receipts of AHFC back to the Alaska Housing Finance Revolving Fund. This transfer is necessary in order to avoid the appearance of any conflict with "dedicated funds" provision of the State Constitution. AHFC's FY85 Capital Budget Request of \$16,000,000 is based on the retention of program receipts.

Section 2 of HB664 transfers all assets of the Home Ownership Fund to the Alaska Housing Finance Revolving Fund. This section relates to Section 2 of HB663 in which the Housing Ownership Fund is eliminated from statute. AHFC has stated that this is necessary to provide legal certainty for their Mobile Home Program.

HB666 is the fourth of four bills introduced on behalf of the Governor. Section 1 would increase the FY84 authorization for AHFC to issue bonds by \$100,000,000. The Corporation is requesting this additional authorization in order to implement a bonding program for mobile homes in the current year.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

025

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. D. H. H.*
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 AMFC 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.

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99911
(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

Date: March 28, 1984
To: Members, House Special Committee on State Loans
From: Rep. Rick Uehling
Subject: HB 665, Bond authorization for AHFC

The following is an outline of the provisions of HB 665, which is an act authorizing the issuance of \$700 million worth of tax-exempt housing bonds for veterans. As you may be aware, the Loans Committee passed similar legislation last year, authorizing a \$500 million bond authorization for this program.

At the current time the Alaska Housing Finance Corporation has \$900 million in authorized outstanding debt under this program. The authorization, if approved by the voters, would raise the total level to \$1.6 billion under the Veterans' Home Loan Program.

It is important to remember that these bonds are backed by the full faith and credit of the State of Alaska. Although they are general obligation bonds they are secured by mortgage revenues.

The central question to be asked by the Committee, of each witness, is whether this bond authorization will in any way affect the capacity of the State to issue general obligation bonds for other important projects such as the Knik Arm Crossing, the State office building in Anchorage or the Susitna Project.

Alaska State Legislature



Speaker of the House of Representatives

Official Business

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

November 3, 1983

*Ref for
HB 665.*

By Rep. Rick Uehling

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

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

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

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

As chairman aof the special committee on state loans, worked hard to clean up the statutes and stabilize a three-point, constant subsidy for the first \$90,000 on single-family homes. That equates back to the home buyer who is purchasing a home at an interest rate between 10 and 11 percent. THIS allows more home buyers to qualify for a home purchase than would otherwise be allowed.

At one time the national interest rate was 19 percent, while we were subisdizing down 7 percent, to 12 percent. Now, the interest rate floats at a steady three point rate. In future appropriations by the legisalature we now will be able to aproximate the cost of the subsidy to the Alaska Housing Finance Corporation in clear and decisive terms.

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

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

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

state has offered veteran benefits for veterans in Alaska since the late 1940s, in the spirit of showing appreciation and gratitude to the veterans of foreign wars. the continuation of the veteran mortgage bonding program is essential for them.

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

Special committee on state loans took testimony from director of division of elections, Mary Lou Mieners, in a heated committee meeting the november 8th date for the election was set. concrete testimony indicated that having election any sooner and in conflict with village and municipal elections would confuse the voter. aside from that fact, under Title 29 the election codes must be uniform.

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

But it doesn't just help the veterans. Other housing programs also reap the benefits from this bond proposal because it loosens up more money for other programs with AHFC, those being the home ownership assistance fund, the mobile home loan program, and the low-to-moderate income home loan program.

State guaranteed, tax-exempt bonds don't require as high a yield to be marketable, thus it costs less to sell them than other types of bonds.

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

The corporation estimates the \$400 GO bond authorization for the Veterans Mortgage Program will be exhausted by the end of February 1984. Without legislation authoring a special election to be held in 1983 to approve additional funding, the corporation would be unable to operate the program from March 1984 until January 1985.

In november 1982, the voters amended the constitution to allow GO bonds to be sold for the veteran's mortgage program and at the same time authorized the issuance of \$400 million of bonds for this purpose. expected to last until 1984.

but overall increase in applications estimated funds to run out.

the 1982 votes was overwhelming, 63.9 percent to 36.1 percent in favor. alaskans have long supported this program.

Although the issuance of \$500 million of general obligation bonds is truly an obligation, which carries the full faith and credit of the state of Alaska the issuance of these lies directly and responsibly on the shoulders of AHFC. Because AHFC has had an excellent record, an effective program, and a low default rate, this initiative should be approved.

Alaska HOUSING FINANCE CORPORATION

March 28, 1984

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

Dear Mr. Chairman:

A committee substitute to HB 663 has been introduced which may have a substantial effect on the actual subsidy costs of the Special Mortgage Loan Purchase Program operated by Alaska Housing Finance Corporation and cause drastic disparities in interest rates available under various programs offered by the Corporation.

Section 3 of CS for HB 663 would establish the interest rate for residences financed under the Tax Exempt Mortgage Loan Purchase (first time homebuyers) Program at three percent below the cost of funds for the related tax exempt bond issue for the first \$90,000 of the loan with the excess at the cost of funds (provided, however, that the rate may not be below ten percent unless the cost of funds is below ten percent). The original language of HB 663 established the rate on the first \$90,000 of the loan at the rate then available under the Corporation's Taxable First Mortgage Program. This was a proposed modification to the existing provision which allows for a fixed ten percent rate to apply to the first \$90,000 irrespective of what the actual cost of funds of the related issue may be or current rates available under the Taxable Program.

The Corporation's budget for FY 85 did not anticipate the sale of bonds under § 103A of the Internal Revenue Code due to the expiration of federal authorization for the issuance of the bonds. Consequently, the Corporation's concerns over the modification cannot be expressed in terms of the impact on the capital budget request for FY 85. What can be demonstrated, however, is the actual cost of the amendment given certain assumptions.

Should the authorization for tax exempt bonds be reinstated by Congress allowing the Corporation to issue \$200 million of the bonds

The Honorable Rick Uehling
March 28, 1984
Page 2

during FY 85, based upon current capital market interest rate levels the actual subsidy related to the tax exempt program may be \$16 to \$20 million greater with the committee substitute than it would be based upon the original provision of HB 663. This would result from the interest rate on the first \$90,000 of a mortgage loan being one percent less with the substitute proposal, thereby increasing the required subsidy funds.

The Corporation suggested the change in the Tax Exempt Program setting the subsidized interest rate at the same rate available under the Taxable First Mortgage Program to increase the predictability of annual subsidy costs and provide equity in mortgage rates available under the Corporation's programs.

Also, as mentioned at the committee hearing the Corporation intends to finance the Mobile Home Loan Purchase Program through the issuance of bonds. An IRS revenue ruling is being requested to allow the bonds to be sold in the tax-exempt market pursuant to § 103(a) of the Internal Revenue Code. Currently, the statutes do not provide for the establishment of interest rates for loans purchased with the proceeds of such bonds.

Based upon the above, we recommend § 3 of CSHB 663 be as follows:

* Sec. 3. AS 18.56.098(g)(6) is amended to read:

(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), AS AMENDED] other than bonds that constitute qualified veterans' bonds under (i) of this section, is equal to the interest rate determined under (1) -- (4) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds sold by the corporation [10 PERCENT OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower interest rate shall be establishes on the entire loan amount if required [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT] to insure the tax-exempt status of the bonds.

Sincerely,



Michael S. Lynch
Executive Director
Alaska Housing Finance
Corporation

MSL:jas

ALASKA HOUSING FINANCE CORPORATION
HB 663

HB 663, Introduced by the Governor, corrects drafting errors contained in the 1983 Legislation, incorporates clarifying amendments to AHFC statutes recommended by the Attorney General's Office, and amendments recommended by members of the Board and Staff which would allow the Corporation to maximize savings to the State and homebuyers and to respond to the anticipated funding level of mortgage demand for FY 1985.

Section 1

- Establishes the authority for the Executive Director to sell bonds within certain parameters established by the Board. The intent is to allow the Corporation the flexibility of selling bonds within a set time frame rather than a specific date and time. That could mean a potential savings for both the State and homebuyers as the Corporation could react to quickly changing market conditions much more rapidly.

Section 2

- Clarifies the statutory basis for the Home Ownership Assistance Program.

Section 3

- Clarifies the statute allowing one first mortgage loan per person from State loan programs. Present statutes (AS 18.56.098(f)(4)) requires that a residence for which the Corporation purchases a loan must be owner-occupied. Allowing only one State loan at a time to a person would more clearly state what is implied.
- Corrects statutory language to allow 100 percent financing for loans which are federally insured or guaranteed. 1983 Legislation unintentionally excluded federally insured loans and 95 percent financing for mobile homes. AHFC has always allowed both and it is felt they were excluded due to a drafting error.

Section 4

- Sets the rate on the first \$90,000 for the tax-exempt First Time Homebuyer's program at the same rate as the taxable program. The tax-exempt rate on the first \$90,000 remains at 10 percent unless the cost of funds falls below 10 percent. The intent of this legislation is for the rates on the Veterans Mortgage Program, the Taxable Program, and the Tax-Exempt Program to be set so they are the same for the first \$90,000, the amount of the loan subsidized by the State.

Section 5

- Clarifies the ability of the Corporation to incur a general obligation.

Section 6

- Raises AHFC's 12-month bonding authority from \$980 million to \$1.5 billion. AHFC is estimating for FY 1985 budget purposes that mortgage demand will be \$1.316 billion of which \$1.150 billion will need to be funded by bond proceeds. The present twelve-month bond authorization level is \$980 million. A level of \$1.5 billion would cover all contingencies.

A breakdown of the bonding levels anticipated for each program is attached.

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	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 Triplex and Four-plex	\$ 5	\$ 44 25	\$ 575	\$(11)	\$ 149	\$ 15	\$ 100 5	\$ 672 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 - Second Mortgage Bonds	12						10	2
Reserve to Complete Open Series	—	—	—	—	15	(15)	—	—
TOTAL	\$ 74	\$ 69	\$1,150	\$(23)	\$ 250	\$ —	\$ 204	\$1,316



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

54:29

COMMITTEE REPORT
HOUSE

FURTHER:

(11)

Date: 4-27-84

3/21/84

The Committee on FINANCE has had HB 664

"An Act making appropriations to the Alaska Housing Finance Corporation; providing for an effective date."

under consideration and recommends:

- ☐ do pass ☐ do not pass
- ☐ do pass with attached amendments(s)
- ☒ replace with CS for HB 664 (Fin) ☒ same title
☐ new title
- and recommends DO PASS
- ☐ AND attaches a "Letter of Intent" ☐ New Fiscal Note
- ☐ reports it back without recommendation ☒ Zero Fiscal Note Attached
- ☐ referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Arthur Adams
R. Bettisworth
Walt Furnace
Ben Singsdorf
J. Duncan
W. H. Fritz

MEMBERS HAVING
OTHER RECOMMENDATIONS:

701. J. Singsdorf - No Rec
John R. Smith
Frank F. Zboroff (Rural Funding??)

Arthur Adams
CHAIRMAN

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

025

Revision Date _____

REQUEST

Bill/Resolution No: CSHB 664 (7in)

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

DRU, 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: *Reid D. 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)

Apr 23 2 14B 1664

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.

Original sponsor: Rules/Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 664 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making appropriations to the Alaska Housing Finance Corporation, and providing for an effective date."

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

* Section 1. All unrestricted mortgage loan interest payments and all other receipts, including, without limitation, mortgage loan commitment fees, received by or accrued to the Alaska Housing Finance Corporation during the period of July 1, 1984 through June 30, 1985, and all income earned on assets of the corporation during that period, are appropriated to the Alaska Housing Finance revolving fund (AS 18.56.082) for the purposes described in AS 18.56.

* Sec. 2. All assets of the home ownership fund (AS 18.56.091), including all outstanding loans on mobile homes purchased with assets of the fund, are transferred to the Alaska Housing Finance revolving fund (AS 18.56.082) for the purposes described in AS 18.56. Amounts in the home ownership fund which are the subject of agreements with bondholders shall be deposited and maintained in a separate account within the revolving fund to the extent required by the agreements.

* Sec. 3. Section 1 of this act takes effect July 1, 1984.

* Sec. 4. Section 2 of this Act takes effect on the effective date of an amendment to AS 18.56.091 which has the effect of repealing the home ownership fund, contained in a bill entitled "An Act relating to certain state housing loan programs; and providing for an effective date."

Alaska State Legislature

POUCH 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

Date: March 15, 1984
To: Members, House Special Committee on State Loans
From: Rep. Rick Uehling *RU*
Subject: HB664, HB666

I have requested staff to prepare the following analysis of HB664, and HB666.

HB664 is the second of four bills introduced by the Governor on behalf of the AHFC. Section 1 of HB664 appropriates the 1985 program receipts of AHFC back to the Alaska Housing Finance Revolving Fund. This transfer is necessary in order to avoid the appearance of any conflict with "dedicated funds" provision of the State Constitution. AHFC's FY85 Capital Budget Request of \$16,000,000 is based on the retention of program receipts.

Section 2 of HB664 transfers all assets of the Home Ownership Fund to the Alaska Housing Finance Revolving Fund. This section relates to Section 2 of HB663 in which the Housing Ownership Fund is eliminated from statute. AHFC has stated that this is necessary to provide legal certainty for their Mobile Home Program.

HB666 is the fourth of four bills introduced on behalf of the Governor. Section 1 would increase the FY84 authorization for AHFC to issue bonds by \$100,000,000. The Corporation is requesting this additional authorization in order to implement a bonding program for mobile homes in the current year.

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

1413 663
664
665
1266
Letter of Transmittal
& Fiscal notes

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.

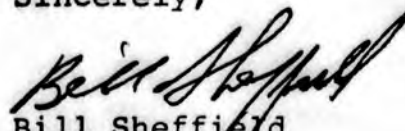
To remove any possible legal concerns, the second bill appropriates to the corporation unrestricted interest repayments as well as certain program receipts which may accrue to the corporation during the next fiscal year. In addition, sec. 2 of the bill transfers the assets of the home ownership fund (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: D&R

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

025

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

DRU, 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. D. H. H.*
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
Approved by Commissioner: [Signature]
Agency: DOR

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

Distribution (by Agency preparing fiscal note):

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

COMMITTEE REPORT

HOUSE

(6)

FURTHER: FINANCE

2/13/84

Date:

3/20/84

HOUSE SPECIAL COMMITTEE
ON STATE LOANS

The Committee on

has had

HB 664

"An Act making appropriations to the Alaska Housing Finance Corporation; and providing for an effective date."

under consideration and recommends:

☒ do pass

☐ do not pass

☐ do pass with attached amendments(s)

☐ replace with CS for

☐ same title
☐ new title

and recommends

☐ AND attaches a "Letter of Intent"

☐ New Fiscal Note

☐ reports it back without recommendation

☒ Zero Fiscal Note Attached

☐ referred to the

Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Paul Vahl
Sam F. Steingard
John Korman
Walt F. Abner

Paul Vahl
CHAIRMAN

Introduced: 2/13/84
Referred: House Special Committee
on State Loans and Finance

IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

HOUSE BILL NO. 664

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making appropriations to the Alaska Housing Finance Corporation; and providing for an effective date."

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

* Section 1. All unrestricted mortgage loan interest payments and all other receipts, including, without limitation, mortgage loan commitment fees, received by or accrued to the Alaska Housing Finance Corporation during the period of July 1, 1984 through June 30, 1985, and all income earned on assets of the corporation during that period, are appropriated to the Alaska Housing Finance revolving fund (AS 18.56.082) for the purposes described in AS 18.56.

* Sec. 2. All assets of the home ownership fund (AS 18.56.091), including all outstanding loans on mobile homes purchased with assets of the fund, are transferred to the Alaska Housing Finance revolving fund (AS 18.56.082) for the purposes described in AS 18.56. Amounts in the home ownership fund which are the subject of agreements with bondholders shall be deposited and maintained in a separate account within the revolving fund to the extent required by the agreements.

* Sec. 3. Section 1 of this act takes effect July 1, 1984.

* Sec. 4. Section 2 of this Act takes effect on the effective date of an amendment to AS 18.56.091 which has the effect of repealing the home ownership fund, contained in a bill entitled "An Act relating to the Alaska Housing Finance Corporation; and providing for an effective date."

ALASKA HOUSING FINANCE CORPORATION
HB 664

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 bill removes any doubt as to the proper retention of revenues and receipts of the Corporation. The FY '85 Capitol Budget request of the Corporation of \$16 million is based on retention of these funds.

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 provide legal certainty for the Corporation's mobile home program.



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

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#34:30

Alaska State Legislature

POUCH 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

Date: March 28, 1984
To: Members, House Special Committee on State Loans
From: Rep. Rick Uehling
Subject: HB 665, Bond authorization for AHFC

The following is an outline of the provisions of HB 665, which is an act authorizing the issuance of \$700 million worth of tax-exempt housing bonds for veterans. As you may be aware, the Loans Committee passed similar legislation last year, authorizing a \$500 million bond authorization for this program.

At the current time the Alaska Housing Finance Corporation has \$900 million in authorized outstanding debt under this program. The authorization, if approved by the voters, would raise the total level to \$1.6 billion under the Veterans' Home Loan Program.

It is important to remember that these bonds are backed by the full faith and credit of the State of Alaska. Although they are general obligation bonds they are secured by mortgage revenues.

The central question to be asked by the Committee, of each witness, is whether this bond authorization will in any way affect the capacity of the State to issue general obligation bonds for other important projects such as the Knik Arm Crossing, the State office building in Anchorage or the Susitna Project.

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HB665

TO :
FROM :
SUBJECT :
DATE :

I HAVE ASKED STAFF TO PROVIDE
THE FOLLOWING ^{IS AN} OUTLINE OF THE
PROVISIONS OF HB665. - AS YOU MAY
BE AWARE THE LOANS COMMITTEE PASSED
SIMILAR LEGISLATION LAST YEAR AUTHORIZING
A 500 MILLION DOLLAR BOND AUTHORIZATION
FOR THIS PROGRAM

HB665 IS AN ACT AUTHORIZING THE
ISSUANCE OF 700 MILLION ~~AUTHOR~~ OF
TAX-EXEMPT HOUSING BONDS FOR
VETERANS.

AT THE CURRENT TIME THE ~~ATHEC~~
ALASKA HOUSING FINANCE HAS 900
MILLION DOLLARS IN AUTHORIZED
OUTSTANDING DEBT UNDER THIS PROGRAM.
THE AUTHORIZATION, IF APPROVED BY
VOTERS WOULD RAISE THE TOTAL LEVEL

to 1.6 billion DOLLARS
UNDER THE VETERAN'S HOME LOAN
PROGRAM.

It is important to remember
that these Bonds are backed
by the General Obligation of
the

It is important to remember
that these bonds are backed by
the Full Faith and Credit of the
State of Alaska. Although they
are ~~General Obligation~~ Bonds they
are secured by the mortgage
revenues.

The central question ^{to be} asked
by the Committee of each
Person testifying is whether these
Bonds will in any way affect the
~~State~~ capacity of the State
General Obligation

to issue bonds for other important
projects such as ^{the} Sushitva Hydro
Electric Project, the Kwik Aan
Crossing on the Anchorage Other

building.



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

#34:31

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
907/465-4821



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

House Special Committee on State Loans

MEMORANDUM

Date: March 15, 1984
To: Members, House Special Committee on State Loans
From: Rep. Rick Uehling *RUEHLING*
Subject: HB664, HB666

I have requested staff to prepare the following analysis of HB664, and HB666.

HB664 is the second of four bills introduced by the Governor on behalf of the AHFC. Section 1 of HB664 appropriates the 1985 program receipts of AHFC back to the Alaska Housing Finance Revolving Fund. This transfer is necessary in order to avoid the appearance of any conflict with "dedicated funds" provision of the State Constitution. AHFC's FY85 Capital Budget Request of \$16,000,000 is based on the retention of program receipts.

Section 2 of HB664 transfers all assets of the Home Ownership Fund to the Alaska Housing Finance Revolving Fund. This section relates to Section 2 of HB663 in which the Housing Ownership Fund is eliminated from statute. AHFC has stated that this is necessary to provide legal certainty for their Mobile Home Program.

HB666 is the fourth of four bills introduced on behalf of the Governor. Section 1 would increase the FY84 authorization for AHFC to issue bonds by \$100,000,000. The Corporation is requesting this additional authorization in order to implement a bonding program for mobile homes in the current year.

Introduced: 2/13/84
Referred: House Special Committee
on State Loans and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 666

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act increasing the Alaska Housing Finance Corpo-
7 ration's bond authorization level; and providing for
8 an effective date."

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

10 * Section 1. In addition to the amount authorized by sec. 4, ch. 35, SLA
11 1982 and AS 18.56.110(g), the Alaska Housing Finance Corporation may issue
12 bonds in the principal amount of \$100,000,000 during the fiscal year ending
13 June 30, 1984.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).
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ALASKA HOUSING FINANCE CORPORATION
HB 665

This bill would increase the FY 1984 bond authorization for the Corporation by \$100 million. The original authorization did not include bonding for mobile homes and this would allow the Corporation to take advantage of a bonding program for mobile homes prior to FY 1985.

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