

SCOMM

34:14

MEMORANDUM

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

RE: House Bill 385

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

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

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

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

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

/wtl
Attachments

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

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

1 \$500,000,000 of its revenue bonds that are unconditionally guaranteed as to
2 principal and interest by the state, the proceeds of which are to be ex-
3 pended by the Alaska Housing Finance Corporation to provide money for the
4 purchase of mortgages made for residences for qualifying veterans under
5 AS 18.56. The authorization in this section to issue bonds is in addition
6 to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA
7 1982.

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

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

15 PROPOSITION

← DIV. OF ELECTIONS
RECOMMENDS 11/8/83

16 State Guaranteed Veterans Residential

17 Mortgage Bonds \$500,000,000

18 Shall the State of Alaska unconditionally guarantee
19 as a general obligation of the state, the payment
20 of principal of and interest on revenue bonds of
21 the Alaska Housing Finance Corporation issued in the
22 principal amount of not more than \$500,000,000 for
23 the purpose of purchasing mortgages made for resi-
24 dences for qualifying veterans, as defined by law?

25 Bonds Yes []

26 Bonds No []

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

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

SEE SEC 4 (p 2)

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 385

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

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

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

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

3 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

ALASKA HOUSING FINANCE CORPORATION

Additional Veterans GO Bond Authorization (in Millions)

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

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

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

Assuming No Decrease in Veterans Activity

Anticipated Veterans Bonding	\$400
Available Authorization without HB 385	175
	<u>225</u>
Difference in Subsidy Ratios (25% - 11%)*	x .14%
	<u>\$31.5</u>

Effect on Actual Subsidy Costs (FY 84 and FY 85 combined) At Varying Activity Levels(2)

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

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

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

HB-585

TO: Michael S. Lynch
Executive Director

DATE: April 5, 1983

FROM: Mark K. Cameron
Finance Director

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

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

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

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

This projection is based upon activity experienced during the four week period from March 7, 1983, to April 1, 1983. March 1982 activity was 72 percent of the average for that calendar year while March 1981 activity was 88 percent of the average for the calendar year 1981. Based upon the brief history of the Special Mortgage Loan Purchase Program the projected shortfall should be on the low side since the four week activity used in the analysis was not "annualized". There is no clear consensus as to whether the demand experienced during recent months will subside or increase in the following months resulting in July through September being the "peak" demand periods as has generally been the case. It is also uncertain whether the current percentage of application under the Veterans Program represents a surge in demand

Michael S. Lynch
April 5, 1983
Page 2

resulting from its recent implementation or can be assumed to be maintained in long term forecasts. Prior to implementation of the program, the Corporation estimated that 30 percent to 35 percent of the first mortgage activity would be submitted through the Veterans program. The 33.99 percent experienced during the previous four weeks is consistent with the estimates and there is little reason to believe that it should settle in below 30 percent on an ongoing basis.

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

de

ALASKA HOUSING FINANCE CORPORATION

**SUMMARY OF FINANCING REQUIREMENTS
State Guaranteed Veterans Bonds**

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

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

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

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

State Guaranteed Veterans Applications for Week Ending:

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

Prior 4 weeks applications:

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

Veterans Mortgage Program

Alaska
HOUSING
FINANCE
CORPORATION

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

Features

Maximum Loan Amount

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

Minimum Down Payment

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

Eligible Properties

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

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

Type of Loan

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

Other Criteria

In November of 1982, the voters passed a constitutional amendment and a



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

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

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

2. Not more than 15% of the dwelling may be used for business or trade

(other than for renting one of the units, if the residence is a multi-family dwelling) and no portion of the property may be specifically designed for commercial use.

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

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

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

Interest Rates

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

Special Mortgage Loan Purchase Program Conventional Loan



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

Features

Maximum Loan Amount

Single-Family
Residence \$160,500
Two-Family Residence \$205,200

Minimum Down Payment 5%

Eligible Property

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

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

Type of Loan

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

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



Interest Rates

Interest rates charged by AHFC have been established by the Legislature and these rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first \$90,000 of the mortgage loan. For any portion above \$90,000, the borrower

is required to pay the cost AHFC pays to obtain its funds. Since AHFC interest rates are directly tied to the cost the Corporation must pay to obtain the funds, interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.

VETERANS' MORTGAGE PORGRAM

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

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

- 1) Funding residential financing activity through the issuance of \$500 million of General Obligation Bonds will save the state approximately \$70 million in subsidy costs for housing programs. It is assumed that without the additional bond authorization the residences for Veterans would be financed under the higher subsidy cost Taxable Bond Program.
- 2) The \$70 million savings will be available for other capital projects throughout the state.
- 3) The Bonds will be self-supporting mortgage revenue bonds backed by primary, mortgage pool, and special hazard insurance policies to insure the state's guarantee will never be called upon.
- 4) The stability of all state housing programs will be enhanced because of the decreased mortgage subsidy needed to operate the programs.
- 5) Before each bond sale the State Bond Committee must approve the amount and sale date, further ensuring that the state's interest is protected.

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

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

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

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

Opponents Say

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

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

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

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

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League of Women Voters

OF ANCHORAGE

P. O. BOX 1348
ANCHORAGE, ALASKA 99510

274-8477

October 28, 1983

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

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

The Situation

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

The Proposal

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

BONDS - YES

BONDS - NO

Supporters Say

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

Alaska State Legislature



Speaker of the House of Representatives

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

Official Business

November 3, 1983

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

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

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

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

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

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

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

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

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

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

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

Fiscal responsibility dictates 'no' vote on housing bonds

By ERIC SUTCLIFFE

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

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

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

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



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

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

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

In order to make a responsible decision on

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

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

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

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

ultimate owner of the majority of houses that have been built and subsidized with state dollars.

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

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

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

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

letters from the people

Helms has flair for dramatic

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

Alaska HOUSING  FINANCE CORPORATION

May 17, 1983

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

Dear Rick:

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

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

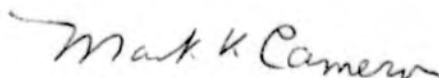
The Corporation's FY 84 capital budget request assumes \$200 million in Veterans Mortgage Program Bonds. Due to increased mortgage demand over that anticipated for the Program, of the \$400 million current authorization only \$150 million will be available during FY 84. The \$50 million shortfall will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

The Honorable Rick Uehling
May 17, 1983
Page 2

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

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

Sincerely,



Mark K. Cameron
Finance Director

MKC/de

ALASKA HOUSING FINANCE CORPORATION

Additional Veterans GO Bond Authorization
(in Millions)

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

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

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

Assuming No Decrease in Veterans Activity

Anticipated Veterans Bonding	\$400
Available Authorization without HB 385	<u>150</u>
	250
Differenece in Subsidy Ratios (25% - 11%)*	x <u>.14%</u>
	<u>\$35.0</u>

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

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

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

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

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

TO: Representative Rick Uehling
FROM: Bill Lovell, Staff ~~Director~~
DATE: May 10, 1983
RE: House Bill 385

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

The bill provides that the act would take effect immediately.

/wtl

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

(100) Personal Services

265.2

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

(200) Travel

87.2

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

Travel costs are derived from 83 costs and a 6% inflation figure. An additional \$10.0 is included to cover the transportation of ballots and programmer related travel.

(300) Contractual Services

716.5

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

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

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

Printing costs (79.1) includes the cost of ballot printing and election forms.

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

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

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

(400) Commodities

12.6

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

TOTAL

1081.5

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 385

April 28, 1983

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

Dear Mr. Speaker:

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

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

Sincerely,

Bill Sheffield
Bill Sheffield
Governor

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST Page 1 of 2 II. FISCAL DETAIL
 ETTT/Resolution No: HB 385 Agency Affected: Office of the Governor
 Title: AHFC bonds for Vet home loans. Program Category Affected: Exec. Operation
 Sponsor: Governor BRU, Program of Subprogram(s) Affected:
 Requestor: Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL

REVENUE

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

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

IV. ANALYSIS: Attach a separate page for any Analysis.
Dana C. Coffman, Deputy Director, Div. of Elections

Prepared By: Denna Cline, Special Assistant Phone: 276-5599
 Division: Alaska Housing Finance Corporation Date: 4/11/83

Approved by Commissioner: *[Signature]* Date: 4/14/83
 Department: *[Signature]*

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

HB 385 Page 2 of 2
FISCAL NOTE ANALYSIS

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

Assumptions:

1. Fiscal note is based on the assumption that the election will be held on November 8, 1983, rather than October 4, 1983.
2. Efforts to hold this election on the same day as a municipal election will result in problems as each municipality operates under different procedures, resulting in the need to have two election boards at each of those polling places conducting a municipal election.
3. Holding the election on the same day as the municipal elections will not result in an appreciable savings to the state.
4. This election will be conducted in accordance with the procedures specified in AS 15, requiring the same expenditures as those incurred during a statewide primary or general election.
5. In comparison, the actual and estimated costs of various elections follow:

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

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

FILE COPY



LAWS OF ALASKA

1982

Source

Chapter No.

CCSSB 593

35

AN ACT

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

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

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

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

AN ACT

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

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

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

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

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

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

Chapter 35

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

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

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

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

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

PROPOSITION

State Guaranteed Veterans Resident:
Mortgage Bonds \$400,000,000

Shall the State of Alaska unconditional as a general obligation of the state, to principal and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than \$400,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined in AS 18.56?

Bonds Yes []

Bonds No []

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

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

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

* Sec. 12. Sections 1 - 4 of this Act take effect on the date of the Twelfth Legislature of a version of a resolution that is a constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans on a general election ballot for approval by the voters in accordance with AS 01.10.070(c).

PROPOSITION

State Guaranteed Veterans Residential
Mortgage Bonds \$400,000,000

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

Bonds Yes []

Bonds No []

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

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

* Sec. 11. Sections 5 - 10 of this Act take effect on the adoption by the 15th Legislature of a version of a resolution that places a proposed constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans, on a general election ballot for approval by the voters of the state.

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

Asder
5/5/83 ✓

Original sponsor: Rules/Governor

FILE COPY*Attn: Uehling*
BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 385 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

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

1 \$500,000,000 of its revenue bonds that are unconditionally guaranteed as to
 2 principal and interest by the state, the proceeds of which are to be ex-
 3 pended by the Alaska Housing Finance Corporation to provide money for the
 4 purchase of mortgages made for residences for qualifying veterans under
 5 AS 18.56. The authorization in this section to issue bonds is in addition
 6 to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA
 7 1982.

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

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

15 PROPOSITION

16 State Guaranteed Veterans Residential

17 Mortgage Bonds \$500,000,000

18 Shall the State of Alaska unconditionally guarantee
 19 as a general obligation of the state, the payment
 20 of principal of and interest on revenue bonds of
 21 the Alaska Housing Finance Corporation issued in the
 22 principal amount of not more than \$500,000,000 for
 23 the purpose of purchasing mortgages made for resi-
 24 dences for qualifying veterans, as defined by law?

25 Bonds Yes []

26 Bonds No []

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

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

3 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).
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