

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672
1620 SCOMM 61: SEN. SPEC. COMM. ON BANKING AND ECONOMIC DEV 1989-01 88

1 * Sec. 5. AS 18.56.098(g) is amended to read:

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

5 (1) The interest rate on the loan amount eligible for
6 assistance [FIRST \$90,000] of a mortgage loan purchased with the
7 proceeds of an issue of taxable bonds of the corporation is three
8 percent less than the cost of funds of that issue, except that

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

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

13 (2) An interest rate determined under this subsection on
14 the loan amount eligible for assistance [FIRST \$90,000] of a mortgage
15 loan that is not purchased from the proceeds of bonds that are qual-
16 ified veterans' mortgage bonds under the applicable provisions of 26
17 U.S.C. (Internal Revenue Code) [26 U.S.C. 103A (MORTGAGE SUBSIDY BOND
18 TAX ACT OF 1980), AS AMENDED,] shall be reduced by one percentage
19 point if the loan is made to an eligible veteran under AS 18.56.101.

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

24 (4) The interest rate on the loan amount eligible for
25 assistance [FIRST \$90,000] of a mortgage loan purchased with money
26 that is not the proceeds of either taxable or tax-exempt bonds is the
27 rate the corporation determines is appropriate by application of the
28 provision of (1) of this subsection.

29 (5) The interest rate on the loan amount eligible for

1 assistance [FIRST \$90,000] of a mortgage loan purchased from the
2 proceeds of bonds that are exempt from taxation other than bonds that
3 constitute qualified veterans' bonds under (i) of this section, is
4 equal to the interest rate determined under (1) and (2) of this sub-
5 section on a loan purchased under (a) of this section from the pro-
6 ceeds of the most recent applicable issue of taxable bonds sold by the
7 corporation. A higher or lower interest rate shall be established on
8 the entire loan amount if required to ensure the tax-exempt status of
9 the bonds.

10 (6) The corporation shall determine the interest rate on a
11 mortgage loan that is an adjustable rate mortgage loan as provided in
12 this subsection. The corporation shall recalculate the interest rate
13 from time to time based on changes in the cost to the corporation of
14 the funds used to purchase the adjustable rate mortgage loan. How-
15 ever, the corporation may establish a minimum interest rate applicable
16 to an adjustable rate mortgage loan, and the interest rate on the
17 adjustable rate mortgage loan may not be less than the minimum inter-
18 est rate so established regardless of the cost of funds to the corpo-
19 ration.

20 (7) For loans made under this section, the corporation
21 shall give effect to interest rate changes applicable to the loans
22 based on time of loan application, time of issuance of the corpora-
23 tion's bonds issued to purchase loans, or other factors as the corpora-
24 tion determines.

25 (8) [(7)] In this subsection

26 (A) "cost of funds" means the true interest cost
27 expressed as a rate on bonds of the corporation plus an addi-
28 tional percentage as determined by the corporation to represent
29 the allocable expenses of operation, costs of issuance, and

1 mortgage servicing;

2 (B) "taxable bonds" means bonds bearing interest that
3 is taxable under applicable provisions of 26 U.S.C. (Internal
4 Revenue Code) and which were [26 U.S.C. 103A (MORTGAGE SUBSIDY
5 BOND TAX ACT OF 1980)] issued to finance the purchase of first
6 mortgage loans.

7 * Sec. 6. AS 18.56.098(h) is amended to read:

8 (h) The corporation shall establish the interest rate on a
9 second mortgage loan purchased under (a) of this section in the manner
10 established for computing the interest rates on a first mortgage loan
11 under (g) of this section except that, in the case of a second mort-
12 gage loan, if the first mortgage loan made to the same borrower is
13 held by the corporation and was purchased under the special mortgage
14 loan purchase program, the outstanding principal balance of the exist-
15 ing first mortgage loan is subtracted from the loan amount eligible
16 for assistance [\$90,000] to determine the amount of the loan that is
17 eligible for an interest rate on a second mortgage loan determined by
18 reference to (g) of this section.

19 * Sec. 7. AS 18.56.098(i) is amended to read:

20 (i) The interest rate on the loan amount eligible for assistance
21 [FIRST \$90,000] of a mortgage loan purchased from the proceeds of
22 bonds that constitute qualified veterans' mortgage bonds under appli-
23 cable provisions of 26 U.S.C. (Internal Revenue Code) is [26 U.S.C.
24 103A (MORTGAGE SUBSIDY BOND TAX ACT OF 1980) AS AMENDED, IS THE GREAT-
25 ER OF (1) FOUR PERCENT LESS THAN THE COST OF FUNDS OR (2)] the rate
26 for other loans to veterans under (g)(2) of this section [AS 18.56.-
27 098(g)(3)]. A higher or lower interest rate shall be established on
28 the entire loan amount if required by applicable provisions of 26
29 U.S.C. (Internal Revenue Code) [UNDER 26 U.S.C. 103A].

1 * Sec. 8. AS 36.30.015(e) is amended to read:

2 (e) The boards of directors of the Alaska Railroad Corporation,
3 the Alaska Housing Finance Corporation, and the Alaska State Housing
4 Authority shall adopt procedures to govern the procurement of sup-
5 plies, services, professional services, and construction for [BY] the
6 respective public corporations [CORPORATION]. The procedures must

7 (1) reflect competitive bidding principles and provide
8 vendors reasonable and equitable opportunities to participate in the
9 procurement process; and

10 (2) include procurement methods to meet emergency and
11 extraordinary circumstances [BE SUBSTANTIALLY EQUIVALENT TO THE PROCE-
12 DURES PRESCRIBED IN THIS CHAPTER AND IN REGULATIONS ADOPTED UNDER THIS
13 CHAPTER].

14 * Sec. 9. AS 36.30.990(1) is amended to read:

15 (1) "agency"

16 (A) means a department, institution, board, commis-
17 sion, division, authority, public corporation, the Alaska Pio-
18 neers' Home, or other administrative unit of the executive branch
19 of state government;

20 (B) does not include

21 (i) [, EXCEPT FOR] the University of Alaska;

22 (ii) [,] the Alaska State Housing Authority;

23 (iii) the [AND] Alaska Railroad Corporation;

24 (iv) the Alaska Housing Finance Corporation;

25 (v) [IT DOES NOT INCLUDE] a regional Native
26 housing authority created under AS 18.55.996, or a regional
27 electrical authority created under AS 18.57.020;

28 * Sec. 10. AS 37.07 is amended by adding a new section to read:

29 Sec. 37.07.085. ALASKA HOUSING FINANCE CORPORATION BUDGET. (a)

1 Notwithstanding the provisions of AS 37.07.080(h), the Alaska Housing
2 Finance Corporation may, by resolution adopted by the board of direc-
3 tors, increase an item appropriated from corporation receipts if

4 (1) the board of directors determines that circumstances
5 require an increase in expenditures in excess of an existing appro-
6 priation made under the authority conferred by this chapter; and

7 (2) additional corporation receipts are available.

8 (b) Before the resolution required by (a) of this section takes
9 effect, the board of directors shall submit a revised program to the
10 governor for approval as provided in AS 37.07.080(d). A copy of the
11 revised program shall be submitted to the legislative budget and audit
12 committee.

13 (c) The increase authorized by (a) of this section may not
14 extend beyond the end of the fiscal year in which the resolution is
15 adopted.

16 * Sec. 11. LOAN AMOUNTS ELIGIBLE FOR ASSISTANCE FOR LOANS ISSUED UNDER
17 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second
18 mortgage loans purchased by the Alaska Housing Finance Corporation from the
19 special mortgage loan purchase program and from qualified veterans' mort-
20 gage bonds

21 (1) after June 30, 1990, and before July 1, 1991, the loan
22 amount eligible for assistance under AS 18.56.098 is \$70,000;

23 (2) after June 30, 1991, and before July 1, 1992, the loan
24 amount eligible for assistance under AS 18.56.098 is \$50,000;

25 (3) after June 30, 1992, and before July 1, 1993, the loan
26 amount eligible for assistance under AS 18.56.098 is \$30,000.

27 * Sec. 12. Of the two additional public members appointed by the gover-
28 nor under AS 18.56.030(a), amended by sec. 1 of this Act, one member shall
29 serve a term of two years and one shall serve a term of one year. When

1 making the appointments, the governor shall specify the length of the term
2 of each person appointed.

3 * Sec. 13. Sections 2 and 4 of this Act take effect July 1, 1992.

4 * Sec. 14. Except for secs. 2 and 4 of this Act, this Act takes effect
5 July 1, 1990.
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LATEST

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Sec. 37.07.085. ALASKA HOUSING FINANCE CORPORATION BUDGET. (a) Notwithstanding the provisions of AS 37.07.080(h), the Alaska Housing Finance Corporation may, by resolution adopted by the board of directors, increase an item appropriated from corporation receipts if:

(1) the board of directors determines that circumstances require an increase in expenditures in excess of an existing appropriation made under the authority conferred by this chapter; and

(2) additional corporation receipts are available.

(b) Before the resolution required by (a) of this section takes effect, the board of directors shall submit a revised program to the governor for approval as provided in 37.07.080(d). A copy of the revised program shall be submitted to the legislative budget and audit committee.

(c) The increase authorized by (a) of this section may not extend beyond the end of the fiscal year in which the resolution is adopted.



To Sullivan - A.S.A.P

March 23, 1990

Bob:

Senator Szymanski and I suspect Sen. Pearce intend to offer the attached amendment to our bill, S-427. It essentially says AHFC, RR, etc. must comply with with AS 36.30.170, bidder preference laws in procurement code.

That sure seems to counter the effects of our language in Sec. 8 (pages 6-7,) in the Senate Finance Committee version of the bill....also attached.

I understand their real interest is with the Railroad, not AHFC, but the way they are doing it hits you folks as well. Must talk asap.

Call me, 465-3793

Max

A M E N D M E N T

OFFERED IN THE SENATE

BY SEN. SZYMANSKI

TO: CSSB 427 (Finance)

Page 7, after line 4:

Insert

"(1) comply with requirements of AS 36.30.170;"

Renumber the following paragraphs accordingly.

Effect of amendments. — The 1989 amendment, effective September 10, 1989, rewrote the second sentence of subsection (b).

Sec. 36.30.170. Contract award after bids. (a) Except as provided in (b), (c), and (d) of this section, the procurement officer shall award a contract based on the solicited bids with reasonable promptness by written notice to the lowest responsible and responsive bidder whose bid conforms in all material respects to the requirements and criteria set out in the invitation to bid.

(b) The procurement officer shall award a contract based on solicited bids to the lowest responsive and responsible bidder after an Alaska bidder preference of five percent and an Alaska products preference as described in AS 36.30.322 — 36.30.338 have been applied. In this subsection, "Alaska bidder" means a person who

(1) holds a current Alaska business license;

(2) submits a bid for goods, services, or construction under the name as appearing on the person's current Alaska business license;

(3) has maintained a place of business within the state staffed by the bidder or an employee of the bidder for a period of six months immediately preceding the date of the bid;

(4) is incorporated or qualified to do business under the laws of the state, is a sole proprietorship, and the proprietor is a resident of the state or is a partnership, and all partners are residents of the state; and

(5) if a joint venture, is composed entirely of ventures that qualify under (1) — (4) of this subsection.

(c) If a bidder qualifies under (b) of this section as an Alaska bidder, is offering services through an employment program, and is the lowest responsible and responsive bidder with a bid that is not more than 10 percent higher than the lowest bid of a nonresident, the procurement officer shall award the contract to that bidder.

(d) The procurement officer shall award an insurance-related contract based on solicited bids to the lowest responsive and responsible bidder after an Alaska bidder preference of five percent. In this subsection, "Alaska bidder" means a person who meets the criteria set out in (1) — (5) of this section and who is an Alaska domestic insurer. (§ 2 ch 106 SLA 1986; am §§ 7 — 9 ch 65 SLA 1987; am § 6 ch 102 SLA 1989)

Effect of amendments. — The 1989 amendment, effective September 10, 1989, deleted "as defined under AS 36.30.100(c)" following "employment program" in subsection (c).

OUR Bill

1 is taxable under applicable provisions of 26 U.S.C. (Internal
2 Revenue Code) and which were [26 U.S.C. 103A (MORTGAGE SUBSIDY
3 BOND TAX ACT OF 1980)] issued to finance the purchase of first
4 mortgage loans.

5 * Sec. 6. AS 18.56.098(h) is amended to read:

6 (h) The corporation shall establish the interest rate on a
7 second mortgage loan purchased under (a) of this section in the manner
8 established for computing the interest rates on a first mortgage loan
9 under (g) of this section except that, in the case of a second mort-
10 gage loan, if the first mortgage loan made to the same borrower is
11 held by the corporation and was purchased under the special mortgage
12 loan purchase program, the outstanding principal balance of the exist-
13 ing first mortgage loan is subtracted from the loan amount eligible
14 for assistance [\$90,000] to determine the amount of the loan that is
15 eligible for an interest rate on a second mortgage loan determined by
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27 U.S.C. (Internal Revenue Code) [UNDER 26 U.S.C. 103A].

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3 plies, services, professional services, and construction for [BY] the
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27 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second
28 mortgage loans purchased by the Alaska Housing Finance Corporation from the
29 special mortgage loan purchase program and from qualified veterans'

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PUBLIC CONTRACTS

§ 36.30.040

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Sec. 36.30.015. Executive branch agencies. (a) The commissioner of transportation and public facilities may delegate to another agency the authority to contract for construction. Before delegating authority to an agency under this subsection, the commissioner of transportation and public facilities shall make a written determination that the agency is capable of implementing the delegated authority. Notwithstanding delegation of authority under this subsection, contracts for construction are governed by this chapter and regulations adopted by the commissioner of administration under this chapter.

(b) The commissioner of administration may delegate to an agency the authority to contract for and manage services, professional services, and supplies. Notwithstanding delegation of authority under this subsection, an agency's exercise of the authority is governed by this chapter and regulations adopted by the commissioner under this chapter. Before delegating authority to an agency under this subsection, the commissioner shall make a written determination that the agency is capable of implementing the delegated authority.

(c) The commissioner of administration may not delegate the authority to dispose of supplies or the authority to adopt regulations under this chapter.

(d) An agency may not contract for the services of legal counsel without the approval of the attorney general.

(e) The boards of directors of the Alaska Railroad Corporation and the Alaska State Housing Authority shall adopt procedures to govern the procurement of supplies, services, professional services, and construction by the corporation. The procedures must be substantially equivalent to the procedures prescribed in this chapter and in regulations adopted under this chapter. (§ 2 ch 106 SLA 1986)

Revisor's notes. — Under § 2, ch. 11, "Alaska State Building Authority" in SLA 1989 and AS 01.05.031 "Alaska State Housing Authority" was substituted for 1989.

Sec. 36.30.040. Procurement regulations. (a) The commissioner shall adopt regulations governing the procurement, management, and control of supplies, services, professional services and construction by agencies. The commissioner may audit and monitor the implementation of the regulations and the requirements of this chapter with respect to using agencies.

(b) The commissioner shall adopt regulations pertaining to the following:

- (1) suspension, debarment, and reinstatement of prospective bidders and contractors;
- (2) bid protests;
- (3) conditions and procedures for the procurement of perishables and items for resale;

*Front Section
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this

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Chapter 116

Chapter 116

* Sec. 13. The income of the Alaska permanent fund allocated annually to pay permanent fund dividends as provided in AS 43.23.045(b) is appropriated to the dividend fund (AS 43.23.045(a)) for the payment of the 1989 permanent fund dividend and administrative and associated costs.

* Sec. 14. 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, 1989 through June 30, 1990, 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. 15. The sum of \$10,580,300 is appropriated to the general fund, as an additional revenue source, from the following enterprise funds:

Alaska World War II Veterans' Revolving Fund (AS 26.15.090)	\$ 279,600
Commercial Fishing Revolving Loan Fund (AS 16.10.340)	5,313,600
Child Care Facility Revolving Loan Fund (AS 44.33.240)	8,800
Historical District Revolving Loan Fund (AS 45.98.010)	82,400
Mining Loan Fund (AS 27.09.010)	3,200
Alternative Energy Revolving Loan Fund (AS 45.88.010)	727,600
Residential Energy Conservation Fund (AS 45.89.010)	343,400
Power Development Revolving Loan Fund (AS 44.33.600)	2,512,300
Grain Reserve Loan Fund (AS 03.12.040)	309,400
Agricultural Revolving Loan Fund (AS 03.10.040)	1,000,000

* Sec. 16. The unexpended and unobligated balance of the appropriation made in sec. 151, ch. 3, FSSLA 1987 (Nenana Feasibility Study - \$2,700,000) is appropriated to the general fund for the operating expenses of state government.

* Sec. 17. The sum of \$200,000 is appropriated from the general fund to

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* Sec. AS 37.07 is amended by adding a new section to read:

Sec. 37.07.085. ALASKA HOUSING FINANCE CORPORATION BUDGET. (a) Notwithstanding the provisions of AS 37.07.080(h), the Alaska Housing Finance Corporation may, by resolution adopted by the board of directors, increase an item appropriated from corporation receipts if:

(1) the board of directors determines that exigent circumstances require an increase in expenditures in excess of existing appropriations; and

(2) additional corporation receipts are available.

(b) Before the resolution required by (a) of this section takes effect, the board of directors shall submit a revised program to the governor and the legislative budget and audit committee.

(c) The increase authorized by (a) of this section may not extend beyond the end of the fiscal year in which the resolution is adopted.

LETTER OF INTENT

FOR

CSSB 427 (FINANCE)

IN CHANGING THE PROVISIONS OF AS 36.30.015(E), IT IS THE INTENT OF THE SENATE FINANCE COMMITTEE TO ALLOW THE ALASKA RAILROAD CORPORATION, THE ALASKA HOUSING FINANCE CORPORATION AND THE ALASKA STATE HOUSING AUTHORITY TO ADOPT PROCUREMENT REGULATIONS WHICH WILL ALLOW EACH CORPORATION TO OPERATE WITHIN THEIR RESPECTIVE MARKETS IN A COST-EFFECTIVE MANNER WHILE AT THE SAME TIME ENSURING A PUBLIC AND COMPETITIVE BIDDING PROCESS. IT IS NOT THE INTENT OF THE SENATE FINANCE COMMITTEE THAT THESE REGULATIONS BE THE SAME AS OR "SUBSTANTIALLY EQUIVALENT" TO THE STATE PROCUREMENT CODE.

IT IS ALSO THE INTENT OF THE SENATE FINANCE COMMITTEE THAT THE ALASKA HOUSING FINANCE CORPORATION PRESENT INTERIM CHANGES TO ITS ANNUAL OPERATING BUDGET TO THE LEGISLATIVE BUDGET & AUDIT COMMITTEE AS A MATTER OF INFORMATION NOTWITHSTANDING AHFC'S BUDGET AUTHORITY TO EXPEND FUNDS PROVIDED IN THE FRONT SECTION OF THE GENERAL APPROPRIATIONS ACT.

SENATE BILL NO. 427 WAS REFERRED TO THE RULES COMMITTEE.

Pat:

Talked with the folks at LAA Legal re: ~~AHFC~~

Here's the story...the language in the front section of the budget bill allows AHFC to receive and spend program receipts.

BUT, as we discussed, for AHFC to expend monies and hire more people as the bill currently is written they will have to comply with AS 37.07.080 (h) (copy attached); which is the Legislative Budget & Audit procedure which must take up to 45 days before action unless LB&A decides it should act earlier upon the request.

Senator Duncan and Mary Halloran talked with me...Jim says the finance committee wants the LB&A constraints on AHFC.....

To give AHFC more flexibility we would have to put the Sec. 2 language back into the bill or adopt the language Tam has written in her memo. Tam and Chenoweth feel her language gives AHFC more flexibility and Mintz and I have requested Baldwin (AG) to give us his opinion.

I have yet to talk with Janice or anyone else.....What next?

of the state must contain the following projects fund:

ds authorized and unissued;
ds to be authorized;
ls to be provided by others;
nd encumbrances compared to ap-
978; am § 62 ch 14 SLA 1987)

for capital outlay in the balance sheet of
each capital projects fund.

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1 ch 66 SLA 1977; am § 9 ch 168
32; am §§ 7, 8 ch 63 SLA 1983)

ution. (a) Except as limited by pol-
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pare an annual plan for the opera-
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content and be transmitted on the

to determine that it is consistent
overnor and appropriations by the
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methods, and that appropriations have been made for the planned
purpose and will not be exhausted before the end of the fiscal year;

(2) approve the operations plan if satisfied that it meets the re-
quirements under (1) of this subsection; otherwise, the office shall
require revision of the operations plan in whole or in part.

(d) A state agency may not increase the salaries of its employees,
employ additional employees, or expend money or incur obligations
except in accordance with law and properly approved operations plan.

(e) Transfers or changes between objects of expenditures or between
allocations may be made by the head of a state agency upon approval
of the office. Transfers may not be made between appropriations ex-
cept as provided in an act making the transfers between appropria-
tions.

(f) The office shall report quarterly to the governor and the legisla-
ture on the operations of each state agency, relating actual accom-
plishments to those planned and modifying, if necessary, the opera-
tions plan of any agency for the balance of the fiscal year.

(g) The governor may direct the withholding or reduction of appro-
priations to a state agency at any time during the fiscal year only if
the governor determines that

(1) the planned expenditures can no longer be made due to factors
outside the control of the state which make the expenditure factually
impossible; or

(2) estimated receipts and surpluses will be insufficient to provide
for appropriations.

(h) The increase of an appropriation item based on additional fed-
eral or other program receipts not specifically appropriated by the full
legislature may be expended in accordance with the following proce-
dures:

(1) the governor shall submit a revised program to the Legislative
Budget and Audit Committee for review;

(2) 45 days shall elapse before commencement of expenditures un-
der the revised program unless the Legislative Budget and Audit
Committee earlier recommends that the state take part in the feder-
ally or otherwise funded activity;

(3) should the Legislative Budget and Audit Committee recommend
within the 45-day period that the state not initiate the additional
activity, the governor shall again review the revised program and if
the governor determines to authorize the expenditure, the governor
shall provide the Legislative Budget and Audit Committee with a
statement of the governor's reasons before commencement of expendi-
tures under the revised program. (§ 1 ch 188 SLA 1970; am §§ 1-3 ch
26 SLA 1976; am §§ 2, 3 ch 74 SLA 1977; am §§ 4, 5 ch 60 SLA 1979;
am §§ 9-12 ch 63 SLA 1983)

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

COPY

POUCH Y STATE CAPITOL

JUNEAU ALASKA 99811

907-465-3800

MEMORANDUM

March 15, 1990

SUBJECT: Alaska Housing Finance Corporation
(CSSB 427(Fin))

TO: Senator Pat Rodey

FROM: Tamara Brandt Cook
Director
Division of Legal Services

Max Gifford of your office has supplied me with a proposed letter of intent to CSSB 427(Fin) and asked whether this alone would authorize AHFC to hire additional employees to implement the new legislation without "going through the hoops" of the executive budget act. In my opinion it would not because AS 37.07.080(d) specifically limits the ability of an agency to add new employees not provided for in the approved operations plan of the agency. Under subsection (f) the operations plan of an agency may be modified. So, AHFC may be able to add employees under existing law if its operations plan is modified during the fiscal year. Otherwise, AHFC will not be able to increase the number of its employees over that provided for in the operations plan without an exemption from the provision of AS 37.07.080(d) enacted as law. I suggest the following language to accomplish this:

Sec. AS 18.56.089 is amended by adding a new subsection to read:

(b) Notwithstanding AS 37.07.080(d) and (f), if the board of directors determines that it is in the best interests of the corporation, the corporation may employ additional employees not authorized under its approved operations plan and make reductions in other expenditures if necessary. A determination by the board to hire additional employees must be set forth in

Senator Pat Rodey
Page 2
March 15, 1990

a resolution adopted by the board that explains the basis for the determination. A copy of the resolution shall be submitted to the governor and to the Legislative Budget and Audit Committee.

TBC:gc
G13/120

Enclosure

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

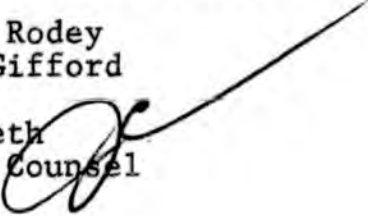
POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

March 15, 1990

SUBJECT: Authority for Alaska Housing Finance Corporation to operate outside of constraints of Executive Budget Act based on language in Act making annual operations for expenditures of state government operations

TO: Senator Pat Rodey
ATTN: Max Gifford

FROM: Jack Chenoweth
Legislative Counsel 

You have asked whether sec. 14, ch. 116, SLA 1989, authorizes the Alaska Housing Finance Corporation to operate outside of constraints imposed by the Executive Budget Act (AS 37.07) relating to employment of additional personnel not authorized by ch. 116. In my opinion, the language does not and, since it is an act making appropriations, it can not.

Sec. 14, ch. 116, SLA 1989 appropriates the income received by the corporation during FY 1990 "to the Alaska housing finance revolving fund (AS 18.56.082) for the purposes described in AS 18.56." Without the appropriation, income received by the corporation from the sources identified in that section would be unavailable to the corporation and would lapse into the state's general fund.

AS 18.56.089 subjects the corporation to the Executive Budget Act. AS 37.07.080(d) precludes agencies subject to the Executive Budget Act from hiring additional personnel not authorized by law "except in accordance with law." Essentially, state law requires approval of employment of additional personnel by the legislature, if in session, or by the Legislative Budget and Audit Committee under AS 37.07.-080(h). Since acts making appropriations must be confined to appropriations, article II, section 13, Alaska

Senator Pat Rodey

Page 2

March 15, 1990

Constitution, and may not serve to modify or nullify substantive law, there is no merit to the contention that sec. 14, ch. 116, SLA 1989 excepts the corporation from the provisions of the Executive Budget Act.

JC:gc
G13/123

Patrick M. Roddy
Senator

Alaska State Legislature



Senate

3111 C. St., Suite 510
Anchorage, Alaska 99503
(907) 561-7618

During Session:
P.O. Box V
Juneau, Alaska 99811
1793

March 15, 1990

Tam:

*MEMO
re: intent
letter*

Here's the letter of intent plus the draft SFC CS for SB-427.

This morning the committee was about to adopt the proposed CS without any changes.

Then they decided to completely drop Sec. 2 (page 2, lines 2-13), and opt for a "letter of intent", which I have provided.

I am not convinced this letter will provide AHFC with the flexibility it needs to comply with SB-427 in their dealing in the banking and mortgage world.

AHFC has no trouble with the bill...the problem is a debate over whether this quasi public agency should be exempt from the constraints of the executive budget act. Someone has suggested that the front section of the budget gives AHFC that flexibility much like the UA is permitted to spend its money as it sees fit. AHFC also has its own funds by virtue of the business they are involved with and they want to make sure they can expend those monies as necessary in complying with SB-427, without "going through the hoops" of the executive budget act and perhaps the procurement code.

What this all boils down to is the agency wants to be able to hire folks as they need them to effect the changes brought about by SB-427, without having to either come to the legislature to beg for more positions or go before an LB&A inquisition if they can avoid it.

If a letter of intent can't do it, then suggest language change, please.

This is a rush job....as always, thank you.

May x 3793

CSSB 427 (Finance)
LETTER OF INTENT

In changing the provisions of AS 36.30.015(e), it is the intent of the Senate Finance Committee to allow the Alaska Railroad Corporation, the Alaska Housing Finance Corporation and the Alaska State Housing Authority to adopt procurement regulations which will allow each corporation to operate within their respective markets in a cost-effective manner while at the same time ensuring a public and competitive bidding process. It is not the intent of the Senate Finance Committee that these regulations be the same as or "substantially equivalent" to the State Procurement Code.

{ It is also the intent of the Senate Finance Committee that the Alaska Housing Finance Corporation shall present interim changes to its annual operating budget to the Legislative Budget & Audit Committee as a matter of information pursuant to AHFC's budget authority to expend funds provided in the front section of the General Appropriations Act.

Pat

This seems fine to me!
What do you think?

Jim

Senator Duncan

let me know if you
think this will do it.
Mike Greaney does.

Quice

Senator Rodey

Original sponsor(s): Rules/Housing Finance Task Force

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 427 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to program and administration re-
7 quirements of certain state corporations; expanding
8 the number of directors of the Alaska Housing Finance
9 Corporation; exempting the Alaska Housing Finance
10 Corporation from the State Procurement Code and
11 making an exception for the corporation under the
12 Executive Budget Act; amending the corporation's
13 special mortgage loan purchase program and progres-
14 sively reducing the maximum level of loan amounts
15 eligible for a reduction under a mortgage loan sub-
16 sidy; amending the corporation's mortgage loan sub-
17 sidy program for persons of lower and moderate in-
18 come; and relating to procurement practices of cer-
19 tain state corporations; and providing for an effec-
20 tive date."

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

22 * Section 1. AS 18.56.030(a) is amended to read:

23 (a) The corporation shall be governed by a board of directors
24 consisting of

25 (1) the commissioner of revenue and the commissioner of
26 commerce and economic development;

27 (2) one other member who is the head of a [THE] principal
28 department of the executive branch of state government appointed by
29 the governor; and

1 (3) four [TWO] public members appointed by the governor.

2 * Sec. 2. AS 18.56.089 is amended by adding a new subsection to read:

3 (b) Notwithstanding the prohibition against employing additional
4 employees under AS 37.07.080(d), if the board of directors determines
5 that it is in the best interests of the corporation, the corporation
6 may employ additional employees without obtaining prior approval of
7 the Legislative Budget and Audit Committee. If the board of directors
8 determines to employ additional employees, the board shall implement
9 its decision by a board resolution. The board shall promptly submit
10 its resolution to the Legislative Budget and Audit Committee. [If
11 ~~within 45 days after receipt of the board's resolution the committee~~
12 ~~disapproves the resolution, the board shall immediately terminate the~~
13 ~~persons it employed under the resolution.~~]

14 * Sec. 3. AS 18.56.091 is amended by adding a new subsection to read:

15 (b) Notwithstanding (a) of this section, the loan amount eligi-
16 ble for assistance under the subsidy authorized by (a) of this section
17 is the amount determined under AS 18.56.098(f).

18 * Sec. 4. AS 18.56.098(f) is amended to read:

19 (f) In this section and in AS 18.56.099

20 (1) "graduated payment mortgage loan" means a mortgage loan
21 the terms of which provide for monthly principal and interest payments
22 that

23 (A) during the first year of the mortgage loan are
24 lower than the monthly principal and interest payments that would
25 be required under the terms of a level payment mortgage loan made
26 at the same interest rate; and

27 (B) during subsequent years of the mortgage loan are
28 graduated to provide for the same return over the term of the
29 loan that would have been provided by a level payment mortgage

1 loan made at the same interest rate;

2 (2) "loan amount eligible for assistance" means the amount
3 of a mortgage loan that does not exceed the amount of the loan estab-
4 lished by law; if an amount has not been established by law, the
5 amount is zero;

6 (3) [REPEALED] "mortgage loan" includes a beneficial in-
7 terest or participation in a mortgage loan;

8 (4) "residence" means

9 (A) an owner-occupied, single-family residence, in-
10 cluding a mobile home; [,] or

11 (B) an owner-occupied duplex, triplex, or fourplex.

12 * Sec. 5. AS 18.56.098(f) is repealed and reenacted to read:

13 (f) In this section and in AS 18.56.091 and 18.56.099

14 (1) "graduated payment mortgage loan" means a mortgage loan
15 the terms of which provide for monthly principal and interest payments
16 that

17 (A) during the first year of the mortgage loan are
18 lower than the monthly principal and interest payments that would
19 be required under the terms of a level payment mortgage loan made
20 at the same interest rate; and

21 (B) during subsequent years of the mortgage loan are
22 graduated to provide for the same return over the term of the
23 loan that would have been provided by a level payment mortgage
24 loan made at the same interest rate;

25 (2) "loan amount eligible for assistance" means

26 (A) the first \$50,000 of a mortgage loan for persons
27 of lower or moderate income whose purchase of a home is assisted
28 under AS 18.56.091; or

29 (B) except as to persons whose purchase of a home is

1 assisted under AS 18.56.091, the amount of a mortgage loan that
2 does not exceed the amount of the loan established by law; if an
3 amount has not been established by law, the amount is zero;

4 (3) "mortgage loan" includes a beneficial interest or
5 participation in a mortgage loan;

6 (4) "residence" means

7 (A) an owner-occupied, single-family residence, in-
8 cluding a mobile home; or

9 (B) an owner-occupied duplex, triplex, or fourplex.

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

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

14 (1) The interest rate on the loan amount eligible for
15 assistance [FIRST \$90,000] of a mortgage loan purchased with the
16 proceeds of an issue of taxable bonds of the corporation is three
17 percent less than the cost of funds of that issue, except that

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

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

22 (2) An interest rate determined under this subsection on
23 the loan amount eligible for assistance [FIRST \$90,000] of a mortgage
24 loan that is not purchased from the proceeds of bonds that are qual-
25 ified veterans' mortgage bonds under the applicable provisions of 26
26 U.S.C. (Internal Revenue Code) [26 U.S.C. 103A (MORTGAGE SUBSIDY BOND
27 TAX ACT OF 1980), AS AMENDED,] shall be reduced by one percentage
28 point if the loan is made to an eligible veteran under AS 18.56.101.

29 (3) The interest rate for the amount of a mortgage loan

1 purchased under (a) of this section that exceeds the loan amount
2 eligible for assistance [\$90,000] is equal to the cost of funds to the
3 corporation attributable to that part of the loan.

4 (4) The interest rate on the loan amount eligible for
5 assistance [FIRST \$90,000] of a mortgage loan purchased with money
6 that is not the proceeds of either taxable or tax-exempt bonds is the
7 rate the corporation determines is appropriate by application of the
8 provision of (1) of this subsection.

9 (5) The interest rate on the loan amount eligible for
10 assistance [FIRST \$90,000] of a mortgage loan purchased from the
11 proceeds of bonds that are exempt from taxation other than bonds that
12 constitute qualified veterans' bonds under (i) of this section, is
13 equal to the interest rate determined under (1) and (2) of this sub-
14 section on a loan purchased under (a) of this section from the pro-
15 ceeds of the most recent applicable issue of taxable bonds sold by the
16 corporation. A higher or lower interest rate shall be established on
17 the entire loan amount if required to ensure the tax-exempt status of
18 the bonds.

19 (6) The corporation shall determine the interest rate on a
20 mortgage loan that is an adjustable rate mortgage loan as provided in
21 this subsection. The corporation shall recalculate the interest rate
22 from time to time based on changes in the cost to the corporation of
23 the funds used to purchase the adjustable rate mortgage loan. How-
24 ever, the corporation may establish a minimum interest rate applicable
25 to an adjustable rate mortgage loan, and the interest rate on the
26 adjustable rate mortgage loan may not be less than the minimum inter-
27 est rate so established regardless of the cost of funds to the corpo-
28 ration.

29 (7) For loans made under this section, the corporation

1 shall give effect to interest rate changes applicable to the loans
2 based on time of loan application, time of issuance of the corpora-
3 tion's bonds issued to purchase loans, or other factors as the corpor-
4 ation determines.

5 (8) [(7)] In this subsection

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

11 (B) "taxable bonds" means bonds bearing interest that
12 is taxable under applicable provisions of 26 U.S.C. (Internal
13 Revenue Code) and which were [26 U.S.C. 103A (MORTGAGE SUBSIDY
14 BOND TAX ACT OF 1980)] issued to finance the purchase of first
15 mortgage loans.

16 * Sec. 7. AS 18.56.098(h) is amended to read:

17 (h) The corporation shall establish the interest rate on a
18 second mortgage loan purchased under (a) of this section in the manner
19 established for computing the interest rates on a first mortgage loan
20 under (g) of this section except that, in the case of a second mort-
21 gage loan, if the first mortgage loan made to the same borrower is
22 held by the corporation and was purchased under the special mortgage
23 loan purchase program, the outstanding principal balance of the exist-
24 ing first mortgage loan is subtracted from the loan amount eligible
25 for assistance [\$90,000] to determine the amount of the loan that is
26 eligible for an interest rate on a second mortgage loan determined by
27 reference to (g) of this section.

28 * Sec. 8. AS 18.56.098(i) is amended to read:

29 (i) The interest rate on the loan amount eligible for assistance

1 [FIRST \$90,000] of a mortgage loan purchased from the proceeds of
2 bonds that constitute qualified veterans' mortgage bonds under appli-
3 cable provisions of 26 U.S.C. (Internal Revenue Code) is [26 U.S.C.
4 103A (MORTGAGE SUBSIDY BOND TAX ACT OF 1980) AS AMENDED, IS THE GREAT-
5 ER OF (1) FOUR PERCENT LESS THAN THE COST OF FUNDS OR (2)] the rate
6 for other loans to veterans under (g)(2) of this section [AS 18.56.-
7 098(g)(3)]. A higher or lower interest rate shall be established on
8 the entire loan amount if required by applicable provisions of 26
9 U.S.C. (Internal Revenue Code) [UNDER 26 U.S.C. 103A].

10 * Sec. 9. AS 36.30.015(e) is amended to read:

11 (e) The boards of directors of the Alaska Railroad Corporation,
12 the Alaska Housing Finance Corporation, and the Alaska State Housing
13 Authority shall adopt procedures to govern the procurement of sup-
14 plies, services, professional services, and construction for [BY] the
15 respective public corporations [CORPORATION]. The procedures must

16 (1) reflect competitive bidding principles and provide
17 vendors reasonable and equitable opportunities to participate in the
18 procurement process; and

19 (2) include procurement methods to meet emergency and
20 extraordinary circumstances [BE SUBSTANTIALLY EQUIVALENT TO THE PROCE-
21 DURES PRESCRIBED IN THIS CHAPTER AND IN REGULATIONS ADOPTED UNDER THIS
22 CHAPTER].

23 * Sec. 10. AS 36.30.990(1) is amended to read:

24 (1) "agency"

25 (A) means a department, institution, board, commis-
26 sion, division, authority, public corporation, the Alaska Pio-
27 neers' Home, or other administrative unit of the executive branch
28 of state government;

29 (B) does not include

1 (i) [, EXCEPT FOR] the University of Alaska;
2 (ii) [,] the Alaska State Housing Authority;
3 (iii) the [AND] Alaska Railroad Corporation;
4 (iv) the Alaska Housing Finance Corporation;
5 (v) [IT DOES NOT INCLUDE] a regional Native
6 housing authority created under AS 18.55.996, or a regional
7 electrical authority created under AS 18.57.020;

8 * Sec. 11. LOAN AMOUNTS ELIGIBLE FOR ASSISTANCE FOR LOANS ISSUED UNDER
9 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second
10 mortgage loans purchased by the Alaska Housing Finance Corporation from the
11 special mortgage loan purchase program and from qualified veterans' mort-
12 gage bonds

13 (1) after June 30, 1990, and before July 1, 1991, the loan
14 amount eligible for assistance under AS 18.56.098 is \$70,000;

15 (2) after June 30, 1991, and before July 1, 1992, the loan
16 amount eligible for assistance under AS 18.56.098 is \$50,000;

17 (3) after June 30, 1992, and before July 1, 1993, the loan
18 amount eligible for assistance under AS 18.56.098 is \$30,000.

19 * Sec. 12. Of the two additional public members appointed by the gover-
20 nor under AS 18.56.030(a), amended by sec. 1 of this Act, one member shall
21 serve a term of two years and one shall serve a term of one year. When
22 making the appointments, the governor shall specify the length of the term
23 of each person appointed.

24 * Sec. 13. Sections 3 and 5 of this Act take effect July 1, 1992.

25 * Sec. 14. Except for secs. 3 and 5 of this Act, this Act takes effect
26 July 1, 1990.

- * Sec. AS 37.07 is amended by adding a new section to read:

Sec. 37.07.085. ALASKA HOUSING FINANCE CORPORATION BUDGET. (a) Notwithstanding the provisions of AS 37.07.080, the Alaska Housing Finance Corporation may, by resolution adopted by the board of directors, increase an item appropriated from corporation receipts if:

(1) the board of directors determines that exigent circumstances require an increase in appropriations; and

(2) additional corporation receipts not specifically appropriated by the full legislature are available.

(b) Before the resolution required by (a) of this section takes effect, the board of directors shall submit a revised program to the governor and the legislative budget and audit committee.

Baldwin
LANGUAGE

STATE OF ALASKA

STEVE CONYER, GOVERNOR

DEPARTMENT OF LAW

FOURTH FLOOR - STATE CAPITOL
JUNEAU, ALASKA 99801
PHONE: (907) 465-3600

OFFICE OF THE ATTORNEY GENERAL

TELECOPIER TRANSMITTAL LETTER

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Bob Mintz
LOCATION: Anch - Carr Court. PHONE: _____
TELECOPIER NUMBER: 561-7860
REMARKS: As we discussed

TOTAL NUMBER OF PAGES 02 INCLUDING COVER LETTER.DATE: 3-19-90 TIME: 9:45FROM: J. L. BaldwinIN RE SUBJECT/FILE NO. AHFC - LEGISLATION

CHARGE TO: ☒ 100 ☒ 110 ☐ 523
☐ 543 ☐ 546 ☐ 674
☐ 740 ☐ OTHER _____

IF YOU DO NOT RECEIVE ALL THE PAGES OR IF YOU HAVE ANY PROBLEMS,
PLEASE CONTACT: J. L. B.

AT (907) 465-3600 - ATTORNEY GENERAL'S OFFICE - JUNEAU

NOTE: Please fill in ALL of the blanks.

*Sec. ____ AS 18.50.089 is amended to read:

(a) Except as provided in (b) of this section the [THE] operating budget of the corporation is subject to the Executive Budget Act (AS 37.07). To further ensure effective budgetary decision making by the legislature, the corporation shall present a complete accounting of all assets of the corporation, including assets of the Alaska housing finance revolving fund, to the legislature by January 10 of each year. The accounting shall be audited by an independent outside auditor and shall include a full description of all mortgage loan interest and principal repayments and program receipts, including mortgage loan commitment fees, received by or accrued to the corporation during the preceding fiscal year, and all income earned on assets of the corporation during that period, including earnings on assets of the state assisted mortgage fund.

(b) The provisions of AS 37.07.080(d) do not apply to the corporation if the board of directors determines that it is in the best interests of the corporation. A decision authorized by this subsection shall be implemented by resolution of the board of directors. Before the resolution takes effect, the board shall submit a revised program to the Legislative Budget and Audit Committee.

Pat - 3-13-90
Dunk made these two
amendments available Mon.
to Vekling & Duncan as a fall-
back position if necessary -

M

A M E N D M E N T

AS 18.56.030(a)(3) is amended to read:

(3) four [TWO] public members appointed by the governor of which at least one all be a member of the finance community and one a real estate broker licensed by the State of Alaska.

Original sponsor(s): Rules/Housing Finance Task Force

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 427 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to program and administration re-
7 quirements of certain state corporations; expanding
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9 Corporation; exempting the Alaska Housing Finance
10 Corporation from the State Procurement Code; amending
11 the corporation's special mortgage loan purchase
12 program and progressively reducing the maximum level
13 of loan amounts eligible for a reduction under a
14 mortgage loan subsidy; amending the corporation's
15 mortgage loan subsidy program for persons of lower
16 and moderate income; and relating to procurement
17 practices of certain state corporations; and provid-
18 ing for an effective date."

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

20 * Section 1. AS 18.56.030(a) is amended to read:

21 (a) The corporation shall be governed by a board of directors
22 consisting of

23 (1) the commissioner of revenue and the commissioner of
24 commerce and economic development;

25 (2) one other member who is the head of a [THE] principal
26 department of the executive branch of state government appointed by
27 the governor; and

28 (3) four [TWO] public members appointed by the governor,
29 one of whom shall be a representative of the financial community and

1 one of whom shall be a person licensed as a real estate broker under
2 AS 08.88.171(a).

3 * Sec. 2. AS 18.56.091 is amended by adding a new subsection to read:

4 (b) Notwithstanding (a) of this section, the loan amount eligi-
5 ble for assistance under the subsidy authorized by (a) of this section
6 is the amount determined under AS 18.56.098(f).

7 * Sec. 3. AS 18.56.098(f) is amended to read:

8 (f) In this section and in AS 18.56.099

9 (1) "graduated payment mortgage loan" means a mortgage loan
10 the terms of which provide for monthly principal and interest payments
11 that

12 (A) during the first year of the mortgage loan are
13 lower than the monthly principal and interest payments that would
14 be required under the terms of a level payment mortgage loan made
15 at the same interest rate; and

16 (B) during subsequent years of the mortgage loan are
17 graduated to provide for the same return over the term of the
18 loan that would have been provided by a level payment mortgage
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20 (2) "loan amount eligible for assistance" means the amount
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22 lished by law; if an amount has not been established by law, the
23 amount is zero;

24 (3) [REPEALED] "mortgage loan" includes a beneficial in-
25 terest or participation in a mortgage loan;

26 (4) "residence" means

27 (A) an owner-occupied, single-family residence, in-
28 cluding a mobile home; [,] or

29 (B) an owner-occupied duplex, triplex, or fourplex.

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15 (A) the first \$50,000 of a mortgage loan for persons
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18 (B) except as to persons whose purchase of a home is
19 assisted under AS 18.56.091, the amount of a mortgage loan that
20 does not exceed the amount of the loan established by law; if an
21 amount has not been established by law, the amount is zero;

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26 cluding a mobile home; or

27 (B) an owner-occupied duplex, triplex, or fourplex.

28 * Sec. 5. AS 18.56.098(g) is amended to read:

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

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Original sponsor(s): Rules/Housing Finance Task Force

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BY THE FINANCE COMMITTEE

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26 department of the executive branch of state government appointed by
27 the governor; and

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29 one of whom shall be a representative of the financial community and

ROUTING - REQUEST

Please

- ☒ READ
- ☒ HANDLE
- ☒ APPROVE

and

- ☐ FORWARD
- ☐ RETURN
- ☐ KEEP OR DISCARD
- ☐ REVIEW WITH ME

To Senator Rodkey
Katie

- Just wanted you
guys to see this CS
before it was finalized.

Date 3-15-90

From Janice

1 one of whom shall be a person licensed as a real estate broker under
2 AS 08.88.171(a).

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14 be required under the terms of a level payment mortgage loan made
15 at the same interest rate; and

16 (B) during subsequent years of the mortgage loan are
17 graduated to provide for the same return over the term of the
18 loan that would have been provided by a level payment mortgage
19 loan made at the same interest rate;

20 (2) "loan amount eligible for assistance" means the amount
21 of a mortgage loan that does not exceed the amount of the loan estab-
22 lished by law; if an amount has not been established by law, the
23 amount is zero;

24 (3) [REPEALED] "mortgage loan" includes a beneficial in-
25 terest or participation in a mortgage loan;

26 (4) "residence" means

27 (A) an owner-occupied, single-family residence, in-
28 cluding a mobile home; [,] or

29 (B) an owner-occupied duplex, triplex, or fourplex.

1 * Sec. 4. AS 18.56.098(f) is repealed and reenacted to read:

2 (f) In this section and in AS 18.56.091 and 18.56.099

3 (1) "graduated payment mortgage loan" means a mortgage loan
4 the terms of which provide for monthly principal and interest payments
5 that

6 (A) during the first year of the mortgage loan are
7 lower than the monthly principal and interest payments that would
8 be required under the terms of a level payment mortgage loan made
9 at the same interest rate; and

10 (B) during subsequent years of the mortgage loan are
11 graduated to provide for the same return over the term of the
12 loan that would have been provided by a level payment mortgage
13 loan made at the same interest rate;

14 (2) "loan amount eligible for assistance" means

15 (A) the first \$50,000 of a mortgage loan for persons
16 of lower or moderate income whose purchase of a home is assisted
17 under AS 18.56.091; or

18 (B) except as to persons whose purchase of a home is
19 assisted under AS 18.56.091, the amount of a mortgage loan that
20 does not exceed the amount of the loan established by law; if an
21 amount has not been established by law, the amount is zero;

22 (3) "mortgage loan" includes a beneficial interest or
23 participation in a mortgage loan;

24 (4) "residence" means

25 (A) an owner-occupied, single-family residence, in-
26 cluding a mobile home; or

27 (B) an owner-occupied duplex, triplex, or fourplex.

28 * Sec. 5. 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 loan amount eligible for
4 assistance [FIRST \$90,000] of a mortgage loan purchased with the
5 proceeds of an issue of taxable bonds of the corporation is three
6 percent less than the cost of funds of that 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) An interest rate determined under this subsection on
12 the loan amount eligible for assistance [FIRST \$90,000] of a mortgage
13 loan that is not purchased from the proceeds of bonds that are qual-
14 ified veterans' mortgage bonds under the applicable provisions of 26
15 U.S.C. (Internal Revenue Code) [26 U.S.C. 103A (MORTGAGE SUBSIDY BOND
16 TAX ACT OF 1980), AS AMENDED,] shall be reduced by one percentage
17 point if the loan is made to an eligible veteran under AS 18.56.101.

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

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

27 (5) The interest rate on the loan amount eligible for
28 assistance [FIRST \$90,000] of a mortgage loan purchased from the
29 proceeds of bonds that are exempt from taxation other than bonds that

1 constitute qualified veterans' bonds under (i) of this section, is
2 equal to the interest rate determined under (1) and (2) of this sub-
3 section on a loan purchased under (a) of this section from the pro-
4 ceeds of the most recent applicable issue of taxable bonds sold by the
5 corporation. A higher or lower interest rate shall be established on
6 the entire loan amount if required to ensure the tax-exempt status of
7 the bonds.

8 (6) The corporation shall determine the interest rate on a
9 mortgage loan that is an adjustable rate mortgage loan as provided in
10 this subsection. The corporation shall recalculate the interest rate
11 from time to time based on changes in the cost to the corporation of
12 the funds used to purchase the adjustable rate mortgage loan. How-
13 ever, the corporation may establish a minimum interest rate applicable
14 to an adjustable rate mortgage loan, and the interest rate on the
15 adjustable rate mortgage loan may not be less than the minimum inter-
16 est rate so established regardless of the cost of funds to the corpo-
17 ration.

18 (7) For loans made under this section, the corporation
19 shall give effect to interest rate changes applicable to the loans
20 based on time of loan application, time of issuance of the corpora-
21 tion's bonds issued to purchase loans, or other factors as the corpor-
22 ation determines.

23 (8) [(7)] In this subsection

24 (A) "cost of funds" means the true interest cost
25 expressed as a rate on bonds of the corporation plus an addi-
26 tional percentage as determined by the corporation to represent
27 the allocable expenses of operation, costs of issuance, and
28 mortgage servicing;

29 (B) "taxable bonds" means bonds bearing interest that

1 is taxable under applicable provisions of 26 U.S.C. (Internal
2 Revenue Code) and which were [26 U.S.C. 103A (MORTGAGE SUBSIDY
3 BOND TAX ACT OF 1980)] issued to finance the purchase of first
4 mortgage loans.

5 * Sec. 6. AS 18.56.098(h) is amended to read:

6 (h) The corporation shall establish the interest rate on a
7 second mortgage loan purchased under (a) of this section in the manner
8 established for computing the interest rates on a first mortgage loan
9 under (g) of this section except that, in the case of a second mort-
10 gage loan, if the first mortgage loan made to the same borrower is
11 held by the corporation and was purchased under the special mortgage
12 loan purchase program, the outstanding principal balance of the exist-
13 ing first mortgage loan is subtracted from the loan amount eligible
14 for assistance [\$90,000] to determine the amount of the loan that is
15 eligible for an interest rate on a second mortgage loan determined by
16 reference to (g) of this section.

17 * Sec. 7. AS 18.56.098(i) is amended to read:

18 (i) The interest rate on the loan amount eligible for assistance
19 [FIRST \$90,000] of a mortgage loan purchased from the proceeds of
20 bonds that constitute qualified veterans' mortgage bonds under appli-
21 cable provisions of 26 U.S.C. (Internal Revenue Code) is [26 U.S.C.
22 103A (MORTGAGE SUBSIDY BOND TAX ACT OF 1980) AS AMENDED, IS THE GREAT-
23 ER OF (1) FOUR PERCENT LESS THAN THE COST OF FUNDS OR (2)] the rate
24 for other loans to veterans under (g)(2) of this section [AS 18.56.-
25 098(g)(3)]. A higher or lower interest rate shall be established on
26 the entire loan amount if required by applicable provisions of 26
27 U.S.C. (Internal Revenue Code) [UNDER 26 U.S.C. 103A].

28 * Sec. 8. AS 36.30.015(e) is amended to read:

29 (e) The boards of directors of the Alaska Railroad Corporation,

1 the Alaska Housing Finance Corporation, and the Alaska State Housing
2 Authority shall adopt procedures to govern the procurement of sup-
3 plies, services, professional services, and construction for [BY] the
4 respective public corporations [CORPORATION]. The procedures must
5 (1) reflect competitive bidding principles and provide
6 vendors reasonable and equitable opportunities to participate in the
7 procurement process; and

8 (2) include procurement methods to meet emergency and
9 extraordinary circumstances [BE SUBSTANTIALLY EQUIVALENT TO THE PROCE-
10 DURES PRESCRIBED IN THIS CHAPTER AND IN REGULATIONS ADOPTED UNDER THIS
11 CHAPTER].

12 * Sec. 9. AS 36.30.990(1) is amended to read:

13 (1) "agency"

14 (A) means a department, institution, board, commis-
15 sion, division, authority, public corporation, the Alaska Pio-
16 neers' Home, or other administrative unit of the executive branch
17 of state government;

18 (B) does not include

19 (i) [, EXCEPT FOR] the University of Alaska;

20 (ii) [,] the Alaska State Housing Authority;

21 (iii) the [AND] Alaska Railroad Corporation;

22 (iv) the Alaska Housing Finance Corporation;

23 (v) [IT DOES NOT INCLUDE] a regional Native
24 housing authority created under AS 18.55.996, or a regional
25 electrical authority created under AS 18.57.020;

26 * Sec. 10. LOAN AMOUNTS ELIGIBLE FOR ASSISTANCE FOR LOANS ISSUED UNDER
27 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second
28 mortgage loans purchased by the Alaska Housing Finance Corporation from the
29 special mortgage loan purchase program and from qualified veterans'

1 mortgage bonds

2 (1) after June 30, 1990, and before July 1, 1991, the loan
3 amount eligible for assistance under AS 18.56.098 is \$70,000;

4 (2) after June 30, 1991, and before July 1, 1992, the loan
5 amount eligible for assistance under AS 18.56.098 is \$50,000;

6 (3) after June 30, 1992, and before July 1, 1993, the loan
7 amount eligible for assistance under AS 18.56.098 is \$30,000.

8 * Sec. 11. Of the two additional public members appointed by the gover-
9 nor under AS 18.56.030(a), amended by sec. 1 of this Act, one member shall
10 serve a term of two years and one shall serve a term of one year. When
11 making the appointments, the governor shall specify the length of the term
12 of each person appointed.

13 * Sec. 12. Sections 2 and 4 of this Act take effect July 1, 1992.

14 * Sec. 13. Except for secs. 2 and 4 of this Act, this Act takes effect
15 July 1, 1990.

Adopted

6-2074E
Chenoweth
2/27/90

Original sponsor(s): Rules/Housing Finance Task Force

1 IN THE SENATE

BY THE SENATE SPECIAL COMMITTEE
ON BANKING AND ECONOMIC DEVELOPMENT

2 CS FOR SENATE BILL NO. 427 (B&ED)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to program and administration re-
7 quirements of certain state corporations; expanding
8 the number of directors of the Alaska Housing Finance
9 Corporation; exempting the Alaska Housing Finance
10 Corporation from the Executive Budget Act and the
11 State Procurement Code; amending the corporation's
12 special mortgage loan purchase program and progres-
13 sively reducing the maximum level of loan amounts
14 eligible for a reduction under a mortgage loan sub-
15 sidy; amending the corporation's mortgage loan sub-
16 sidy program for persons of lower and moderate in-
17 come; and relating to procurement practices of the
18 Alaska Railroad Corporation; and providing for an
19 effective date."

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

21 * Section 1. AS 18.56.030(a) is amended to read:

22 (a) The corporation shall be governed by a board of directors
23 consisting of

24 (1) the commissioner of revenue and the commissioner of
25 commerce and economic development;

26 (2) one other member who is the head of a [THE] principal
27 department of the executive branch of state government appointed by
28 the governor; and

29 (3) four [TWO] public members appointed by the governor.

1 * Sec. 2. AS 18.56.089 is amended to read:

2 Sec. 18.56.089. ANNUAL ACCOUNTING. The [EXECUTIVE BUDGET ACT.
3 THE OPERATING BUDGET OF THE CORPORATION IS SUBJECT TO THE EXECUTIVE
4 BUDGET ACT (AS 37.07)]. TO FURTHER ENSURE EFFECTIVE BUDGETARY DECI-
5 SION MAKING BY THE LEGISLATURE, THE] corporation shall present a
6 complete accounting of all assets of the corporation, including assets
7 of the Alaska housing finance revolving fund, to the legislature by
8 January 10 of each year. The accounting shall be audited by an in-
9 dependent outside auditor and shall include a full description of all
10 mortgage loan interest and principal repayments and program receipts,
11 including mortgage loan commitment fees, received by or accrued to the
12 corporation during the preceding fiscal year, and all income earned on
13 assets of the corporation during that period, including earnings on
14 assets of the state assisted mortgage fund.

15 * Sec. 3. AS 18.56.091 is amended by adding a new subsection to read:

16 (b) Notwithstanding (a) of this section, the loan amount eligi-
17 ble for assistance under the subsidy authorized by (a) of this section
18 is the amount determined under AS 18.56.098(f).

19 * Sec. 4. AS 18.56.098(f) is amended to read:

20 (f) In this section and in AS 18.56.099

21 (1) "graduated payment mortgage loan" means a mortgage loan
22 the terms of which provide for monthly principal and interest payments
23 that

24 (A) during the first year of the mortgage loan are
25 lower than the monthly principal and interest payments that would
26 be required under the terms of a level payment mortgage loan made
27 at the same interest rate; and

28 (B) during subsequent years of the mortgage loan are
29 graduated to provide for the same return over the term of the

1 loan that would have been provided by a level payment mortgage
2 loan made at the same interest rate;

3 (2) "loan amount eligible for assistance" means the amount
4 of a mortgage loan that does not exceed the amount of the loan estab-
5 lished by law; if an amount has not been established by law, the
6 amount is zero;

7 (3) [REPEALED] "mortgage loan" includes a beneficial in-
8 terest or participation in a mortgage loan;

9 (4) "residence" means

10 (A) an owner-occupied, single-family residence, in-
11 cluding a mobile home; [,] or

12 (B) an owner-occupied duplex, triplex, or fourplex.

13 * Sec. 5. AS 18.56.098(f) is repealed and reenacted to read:

14 (f) In this section and in AS 18.56.091 and 18.56.099

15 (1) "graduated payment mortgage loan" means a mortgage loan
16 the terms of which provide for monthly principal and interest payments
17 that

18 (A) during the first year of the mortgage loan are
19 lower than the monthly principal and interest payments that would
20 be required under the terms of a level payment mortgage loan made
21 at the same interest rate; and

22 (B) during subsequent years of the mortgage loan are
23 graduated to provide for the same return over the term of the
24 loan that would have been provided by a level payment mortgage
25 loan made at the same interest rate;

26 (2) "loan amount eligible for assistance" means

27 (A) the first \$50,000 of a mortgage loan for persons
28 of lower or moderate income whose purchase of a home is assisted
29 under AS 18.56.091; or

1 (B) except as to persons whose purchase of a home
2 assisted under AS 18.56.091, the amount of a mortgage loan that
3 does not exceed the amount of the loan established by law; if a
4 amount has not been established by law, the amount is zero;

5 (3) "mortgage loan" includes a beneficial interest or
6 participation in a mortgage loan;

7 (4) "residence" means

8 (A) an owner-occupied, single-family residence, in-
9 cluding a mobile home; or

10 (B) an owner-occupied duplex, triplex, or fourplex.

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

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

15 (1) The interest rate on the loan amount eligible for
16 assistance [FIRST \$90,000] of a mortgage loan purchased with the
17 proceeds of an issue of taxable bonds of the corporation is three
18 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
20 percent, the interest rate is equal to the cost of funds; and

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

23 (2) An interest rate determined under this subsection on
24 the loan amount eligible for assistance [FIRST \$90,000] of a mortgage
25 loan that is not purchased from the proceeds of bonds that are qual-
26 ified veterans' mortgage bonds under the applicable provisions of 26
27 U.S.C. (Internal Revenue Code) [26 U.S.C. 103A (MORTGAGE SUBSIDY BOND
28 TAX ACT OF 1980), AS AMENDED,] shall be reduced by one percentage
29 point if the loan is made to an eligible veteran under AS 18.56.101.

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

5 (4) The interest rate on the loan amount eligible for
6 assistance [FIRST \$90,000] of a mortgage loan purchased with money
7 that is not the proceeds of either taxable or tax-exempt bonds is the
8 rate the corporation determines is appropriate by application of the
9 provision of (1) of this subsection.

10 (5) The interest rate on the loan amount eligible for
11 assistance [FIRST \$90,000] of a mortgage loan purchased from the
12 proceeds of bonds that are exempt from taxation other than bonds that
13 constitute qualified veterans' bonds under (i) of this section, is
14 equal to the interest rate determined under (1) and (2) of this sub-
15 section on a loan purchased under (a) of this section from the pro-
16 ceeds of the most recent applicable issue of taxable bonds sold by the
17 corporation. A higher or lower interest rate shall be established on
18 the entire loan amount if required to ensure the tax-exempt status of
19 the bonds.

20 (6) The corporation shall determine the interest rate on a
21 mortgage loan that is an adjustable rate mortgage loan as provided in
22 this subsection. The corporation shall recalculate the interest rate
23 from time to time based on changes in the cost to the corporation of
24 the funds used to purchase the adjustable rate mortgage loan. How-
25 ever, the corporation may establish a minimum interest rate applicable
26 to an adjustable rate mortgage loan, and the interest rate on the
27 adjustable rate mortgage loan may not be less than the minimum inter-
28 est rate so established regardless of the cost of funds to the corpo-
29 ration.

1 (7) For loans made under this section, the corporatio
2 shall give effect to interest rate changes applicable to the loan
3 based on time of loan application, time of issuance of the corpora
4 tion's bonds issued to purchase loans, or other factors as the corpor
5 ation determines.

6 (8) [(7)] In this subsection

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

12 (B) "taxable bonds" means bonds bearing interest that
13 is taxable under applicable provisions of 26 U.S.C. (Internal
14 Revenue Code) and which were [26 U.S.C. 103A (MORTGAGE SUBSIDY
15 BOND TAX ACT OF 1980)] issued to finance the purchase of first
16 mortgage loans.

17 * Sec. 7. AS 18.56.098(h) is amended to read:

18 (h) The corporation shall establish the interest rate on a
19 second mortgage loan purchased under (a) of this section in the manner
20 established for computing the interest rates on a first mortgage loan
21 under (g) of this section except that, in the case of a second mort-
22 gage loan, if the first mortgage loan made to the same borrower is
23 held by the corporation and was purchased under the special mortgage
24 loan purchase program, the outstanding principal balance of the exist-
25 ing first mortgage loan is subtracted from the loan amount eligible
26 for assistance [\$90,000] to determine the amount of the loan that is
27 eligible for an interest rate on a second mortgage loan determined by
28 reference to (g) of this section.

29 * Sec. 8. AS 18.56.098(i) is amended to read:

1 (i) The interest rate on the loan amount eligible for assistance
2 [FIRST \$90,000] of a mortgage loan purchased from the proceeds of
3 bonds that constitute qualified veterans' mortgage bonds under appli-
4 cable provisions of 26 U.S.C. (Internal Revenue Code) is [26 U.S.C.
5 103A (MORTGAGE SUBSIDY BOND TAX ACT OF 1980) AS AMENDED, IS THE GREAT-
6 ER OF (1) FOUR PERCENT LESS THAN THE COST OF FUNDS OR (2)] the rate
7 for other loans to veterans under (g)(2) of this section [AS 18.56.-
8 098(g)(3)]. A higher or lower interest rate shall be established on
9 the entire loan amount if required by applicable provisions of 26
10 U.S.C. (Internal Revenue Code) [UNDER 26 U.S.C. 103A].

11 * Sec. 9. AS 36.30.015(e) is amended to read:

12 (e) The board [BOARDS] of directors of [THE ALASKA RAILROAD
13 CORPORATION AND] the Alaska State Housing Authority shall adopt proce-
14 dures to govern the procurement of supplies, services, professional
15 services, and construction [BY THE CORPORATION]. The procedures must
16 be substantially equivalent to the procedures prescribed in this
17 chapter and in regulations adopted under this chapter.

18 * Sec. 10. AS 36.30.990(1) is amended to read:

19 (1) "agency"

20 (A) means a department, institution, board, commis-
21 sion, division, authority, public corporation, the Alaska Pio-
22 neers' Home, or other administrative unit of the executive branch
23 of state government;

24 (B) does not include

25 (i) [, EXCEPT FOR] the University of Alaska;

26 (ii) [,] the Alaska State Housing Authority;

27 (iii) the [AND] Alaska Railroad Corporation;

28 (iv) the Alaska Housing Finance Corporation;

29 (v) [IT DOES NOT INCLUDE] a regional Native

1 housing authority created under AS 18.55.996, or a regional
2 electrical authority created under AS 18.57.020;

3 * Sec. 11. AS 37.07.120(1) is amended to read:

4 (1) "agency"

5 (A) means a department, officer, institution, board,
6 commission, bureau, division, or other administrative unit form-
7 ing the state government, and includes the Alaska Pioneers' Home
8 and the University of Alaska;

9 (B) [, BUT] does not include

10 (i) the legislature;

11 (ii) [OR] the judiciary; or

12 (iii) the Alaska Housing Finance Corporation;

13 * Sec. 12. AS 42.40.100 is amended to read:

14 Sec. 42.40.100. MANAGEMENT BY THE BOARD. The board is responsi-
15 ble for the management of the corporation but shall delegate certain
16 powers and duties to the chief executive officer in accordance with
17 AS 42.40.120. In managing the corporation the board shall

18 (1) be responsible for the management of the financial and
19 legal obligations of the Alaska Railroad;

20 (2) operate the Alaska Railroad as a common carrier subject
21 to the jurisdiction of the United States Interstate Commerce Commis-
22 sion consistent with 45 U.S.C. 1207;

23 (3) generally manage the corporation on a self-sustaining
24 basis;

25 (4) apply to the legislature for an appropriation with the
26 concurrence of the governor to be used to provide a particular service
27 that is not otherwise self-sustaining if a subsidy is required to
28 maintain that service;

29 (5) provide for safe, efficient, and economical

1 transportation to meet the overall needs of the state;

2 (6) raise needed capital by issuing bonds of the corpora-
3 tion upon approval by the legislature while ensuring that borrowing by
4 the corporation does not directly or indirectly endanger the state's
5 own borrowing capacity;

6 (7) review all state and other land disposal proposals to
7 aid in planning for future development or expansion of transportation
8 services;

9 (8) adopt and publish procedures to govern the procurement
10 of supplies, services, professional services, and construction by the
11 corporation; the procedures adopted must [ENSURE THAT THE PROCUREMENT
12 PROCEDURES OF THE CORPORATION] meet accepted railroad industry stan-
13 dards;

14 (9) ensure that the accounting procedures of the corpora-
15 tion meet generally accepted accounting principles consistent with
16 industry standards for comparable railroads.

17 * Sec. 13. LOAN AMOUNTS ELIGIBLE FOR ASSISTANCE FOR LOANS ISSUED UNDER
18 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second
19 mortgage loans purchased by the Alaska Housing Finance Corporation from the
20 special mortgage loan purchase program and from qualified veterans' mort-
21 gage bonds

22 (1) after June 30, 1990, and before July 1, 1991, the loan
23 amount eligible for assistance under AS 18.56.098 is \$70,000;

24 (2) after June 30, 1991, and before July 1, 1992, the loan
25 amount eligible for assistance under AS 18.56.098 is \$50,000;

26 (3) after June 30, 1992, and before July 1, 1993, the loan
27 amount eligible for assistance under AS 18.56.098 is \$30,000.

28 * Sec. 14. Of the two additional public members appointed by the gover-
29 nor under AS 18.56.030(a), amended by sec. 1 of this Act, one member shall

1 serve a term of two years and one shall serve a term of one year. W
2 making the appointments, the governor shall specify the length of the te
3 of each person appointed.

4 * Sec. 15. Sections 3 and 5 of this Act take effect July 1, 1992.

5 * Sec. 16. Except for secs. 3 and 5 of this Act, this Act takes effe
6 July 1, 1990.

#1
ADD-1-2

A M E N D M E N T

HB 462 (CR&A)

HOUSE FINANCE COMMITTEE SUBSTITUTE

Page 7, line 8:

Insert a new bill section to read:

* Sec. 9. AS 36.30.015(e) is amended to read:

(e) The boards of directors of the Alaska Railroad Corporation [AND], the Alaska Housing Authority and the Alaska Housing Finance Corporation shall adopt procedures to govern the procurement of supplies, services, professional services, and construction [BY THE CORPORATION]. The procedure must be substantially equivalent to the procedures prescribed in this chapter and in regulations adopted under this chapter.

Renumber the following bill sections accordingly.

Rep. C.E. Swackhammer

#2
ADOPTED

A M E N D M E N T

HOUSE FINANCE COMMITTEE SUBSTITUTE

HB 462 (CR&A)

Page 1, line 26:

* Sec. 1. AS 18.56.030(a)(3) is amended to read:

(3) four [TWO] public members appointed by the governor of which at least one shall be a member of the finance community ~~and a member of the finance community~~

Rep. C.E. Swackhammer

A M E N D M E N T

#3

OFFERED IN THE HOUSE

BY REP. BROWN

TO: CSHB 462(C&RA)

Page 1, line 9:

Delete "the Executive Budget Act and"

Page 1, line 27, through page 2, line 11:

Delete all material.

Renumber the following bill sections accordingly.

Page 7, line 22, through page 8, line 2:

Delete all material.

Renumber the following bill sections accordingly.

Page 8, line 19:

Delete "3 and 5"

Insert "2 and 4"

Page 8, line 20:

Delete "3 and 5"

Insert "2 and 4"

#5

Amendment

By Rieyer

To. CSHB 462 (CIRA)

Page 2, line 12, insert a new section to read:

" * Sec. 3. AS 18.56 is amended by adding a new section to read:

Sec 18.56.091⁰⁵¹ Dividend Policy. The corporation

shall pay an annual dividend to the state general fund
equal to at least fifty percent of the annual net earnings,
if any, of the corporation as determined under AS 18.56.089.

The dividend shall be paid within six months of the close
of the fiscal year, unless the board of directors establishes by
resolution that the cash flow of the corporation will not
permit the payment of the dividend without causing significant
harm to the financial soundness of the corporation. "

(renumber following sections accordingly)

A M E N D M E N T

#7 moved

OFFERED IN THE HOUSE

BY REP. BARNES

TO: CSHB 462(C&RA)

Page 8, following line 13:

Insert a new bill section to read:

"* Sec. 12. CONTRACTS TO BE HONORED. Notwithstanding the amendments made to AS 18.56.098 by secs. 4 and 6 - 8 of this Act, the Alaska Housing Finance Corporation shall purchase a loan of a person whose loan purchase qualifies under the special mortgage loan purchase program of AS 18.56.098 as it read on the day before the effective date of secs. 4 and 6 - 8 of this Act if the person's intention to purchase the home is evidenced by a contract for sale, earnest money agreement, or document exercising an option to purchase if the contract, agreement, or document is executed before the effective date of those sections." *Reinsert new language*

Renumber following bill sections accordingly.

AMENDMENT #8

OFFERED IN THE HOUSE

BY REP. PHILLIPS

TO: CSHB 462(C&RA)

Page 1, line 15, after "income;":

Insert "permitting the corporation to appoint a general counsel;"

Page 1, after line 26:

Insert a new bill section to read:

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

Sec. 18.56.056. GENERAL COUNSEL. The corporation may employ a general counsel. If the corporation employs a general counsel, the general counsel shall advise the corporation in legal matters and represent it in litigation."

Renumber the following bill sections accordingly.

Page 8, after line 18:

Insert a new bill section to read:

"* Sec. 14. AS 18.56.055 is repealed."

Renumber the following bill sections accordingly.

Page 8, line 19:

Delete "3 and 5"

Insert "4 and 6"

Page 8, line 20:

Delete "3 and 5"

Insert "4 and 6"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REP. RIEGER

TO: CSHB 462 (C&RA)

Page 2, lines 12 - 15:

Delete all material and insert:

"* Sec. 3. AS 18.56.091 is amended to read:

Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM. The corporation shall implement a home ownership assistance program 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 as determined under AS 18.56.098(f) [IN AN AMOUNT NOT GREATER THAN THE DIFFERENCE BETWEEN

(1) THE AMOUNT ANNUALLY REQUIRED TO PAY INTEREST AND PRINCIPAL ON THAT PERSON'S LOAN AND REAL PROPERTY TAXES AND INSURANCE FOR THE HOME PURCHASE WITH THE LOAN; AND

(2) 25 PERCENT OF THAT PERSON'S ANNUAL GROSS INCOME]."

Page 8, following line 13:

Insert a new bill section to read:

"* Sec. 12. A loan made under AS 18.56.091 before July 1, 1992, is assumable with a down payment of not less than five percent of the purchase price."

Renumber the following bill sections accordingly.

Page 8, line 19:

Delete "Sections 3 and 5"

Insert "Sections 3, 5, and 12"

Page 8, line 20:

Delete "Except for secs. 3 and 5,"

Insert "Except for secs. 3, 5, and 12,"

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to program and
administration requirements of certain*
Sponsor: Rules/Housing Finance Task Force
Requestor: _____

Agency Affected: Administration
BRU: General Services and Supply
Components: Purchasing

*corporations; expending. . .

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Section 9 of the bill deletes the requirement for the Alaska Railroad to adopt procurement procedures which are substantially equivalent to the procedures prescribed under the procurement code and resultant regulations. Section 10 of this bill revises the definition of agency to allow for the Alaska Housing Finance Corporation to purchase under procedures established by their board of directors which are substantially equivalent to the procedures and regulations established by the executive branch under the procurement code. There is no fiscal impact to the Department of Administration if this bill becomes law.

Prepared by: Robert J. Link, Director *[Signature]* Phone: 465-2250
Division: General Services and Supply Date: 3/5/90
Approved by Commissioner: Frank S. Baxter Date: 3/5/90
Agency: Department of Administration

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
Title: "An Act relating to program and BRU: General Services and Supply
administration requirements of certain*
Sponsor: Rules/Housing Finance Task Force Components: Purchasing
Requestor: _____

*corporations; expending. . .

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Section 9 of the bill deletes the requirement for the Alaska Railroad to adopt procurement procedures which are substantially equivalent to the procedures prescribed under the procurement code and resultant regulations. Section 10 of this bill revises the definition of agency to allow for the Alaska Housing Finance Corporation to purchase under procedures established by their board of directors which are substantially equivalent to the procedures and regulations established by the executive branch under the procurement code. There is no fiscal impact to the Department of Administration if this bill becomes law.

Prepared by: Robert J. Link, Director *[Signature]* Phone: 465-2250
Division: General Services and Supply *[Signature]* Date: 3/5/90
Approved by Commissioner: Frank S. Baxter *[Signature]* Date: 3/5/90
Agency: Department of Administration

Distribution (by preparer):

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

Alaska State Legislature

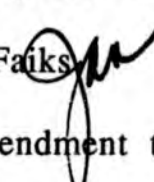


Senate Judiciary Committee

February 26, 1990

MEMORANDUM

TO: Senator Pat Rodey, Chairman
Senate Banking and Economic Development Committee

FROM: Senator Jan Faiks 

SUBJECT: Proposed Amendment to Senate Bill 427

Attached is an amendment I will be offering to Senate Bill 427 when the bill is considered by the committee this Tuesday. Just as the original bill exempts AHFC from the state procurement code, the amendment also exempts the Alaska Railroad Corporation.

Should you need any further information, please just let me know.

A M E N D M E N T

OFFERED IN THE SENATE

BY SEN. FAIKS

TO: SB 427

Page 1, lines 6 - 7:

Delete "the Alaska Housing Finance Corporation and its housing programs"

Insert "program and administration requirements of certain state corporations"

Page 1, lines 7 - 8:

Delete "corporation"

Insert "Alaska Housing Finance Corporation"

Page 1, line 14, after "income;":

Insert "relating to procurement practices of the Alaska Railroad Corporation;"

Page 6, following line 26:

Insert a new bill section to read:

"* Sec. 8. AS 36.30.015(e) is amended to read:

(e) The board [BOARDS] of directors of [THE ALASKA RAILROAD CORPORATION AND] the Alaska State Housing Authority shall adopt procedures to govern the procurement of supplies, services, professional services, and construction [BY THE CORPORATION]. The procedures must be substantially equivalent to the procedures prescribed in this

chapter and in regulations adopted under this chapter."

Renumber the following bill sections accordingly.

Page 7, following line 21:

Insert a new bill section to read:

* Sec. 11. AS 42.40.100 is amended to read:

Sec. 42.40.100. MANAGEMENT BY THE BOARD. The board is responsible for the management of the corporation but shall delegate certain powers and duties to the chief executive officer in accordance with AS 42.40.120. In managing the corporation the board shall

(1) be responsible for the management of the financial and legal obligations of the Alaska Railroad;

(2) operate the Alaska Railroad as a common carrier subject to the jurisdiction of the United States Interstate Commerce Commission consistent with 45 U.S.C. 1207;

(3) generally manage the corporation on a self-sustaining basis;

(4) apply to the legislature for an appropriation with the concurrence of the governor to be used to provide a particular service that is not otherwise self-sustaining if a subsidy is required to maintain that service;

(5) provide for safe, efficient, and economical transportation to meet the overall needs of the state;

(6) raise needed capital by issuing bonds of the corporation upon approval by the legislature while ensuring that borrowing by

the corporation does not directly or indirectly endanger the state's own borrowing capacity;

(7) review all state and other land disposal proposals to aid in planning for future development or expansion of transportation services;

(8) adopt and publish procedures to govern the procurement of supplies, services, professional services, and construction by the corporation; the procedures adopted must [ENSURE THAT THE PROCUREMENT PROCEDURES OF THE CORPORATION] meet accepted railroad industry standards;

(9) ensure that the accounting procedures of the corporation meet generally accepted accounting principles consistent with industry standards for comparable railroads."

Renumber the following bill sections accordingly.

Original sponsor(s): Rules/Housing Finance Task Force

1 IN THE SENATE

BY THE SENATE SPECIAL COMMITTEE
ON BANKING AND ECONOMIC DEVELOPMENT

2 CS FOR SENATE BILL NO. 427 (B&ED)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to program and administration re-
7 quirements of certain state corporations; expanding
8 the number of directors of the Alaska Housing Finance
9 Corporation; exempting the Alaska Housing Finance
10 Corporation from the Executive Budget Act and the
11 State Procurement Code; amending the corporation's
12 special mortgage loan purchase program and progres-
13 sively reducing the maximum level of loan amounts
14 eligible for a reduction under a mortgage loan sub-
15 sidy; amending the corporation's mortgage loan sub-
16 sidy program for persons of lower and moderate in-
17 come; and relating to procurement practices of the
18 Alaska Railroad Corporation; and providing for an
19 effective date."

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

21 * Section 1. AS 18.56.030(a) is amended to read:

22 (a) The corporation shall be governed by a board of directors
23 consisting of

24 (1) the commissioner of revenue and the commissioner of
25 commerce and economic development;

26 (2) one other member who is the head of a [THE] principal
27 department of the executive branch of state government appointed by
28 the governor; and

29 (3) four [TWO] public members appointed by the governor.

1 * Sec. 2. AS 18.56.089 is amended to read:

2 Sec. 18.56.089. ANNUAL ACCOUNTING. The [EXECUTIVE BUDGET ACT.
3 THE OPERATING BUDGET OF THE CORPORATION IS SUBJECT TO THE EXECUTIVE
4 BUDGET ACT (AS 37.07). TO FURTHER ENSURE EFFECTIVE BUDGETARY DECI-
5 SION MAKING BY THE LEGISLATURE, THE] corporation shall present a
6 complete accounting of all assets of the corporation, including assets
7 of the Alaska housing finance revolving fund, to the legislature by
8 January 10 of each year. The accounting shall be audited by an in-
9 dependent outside auditor and shall include a full description of all
10 mortgage loan interest and principal repayments and program receipts,
11 including mortgage loan commitment fees, received by or accrued to the
12 corporation during the preceding fiscal year, and all income earned on
13 assets of the corporation during that period, including earnings on
14 assets of the state assisted mortgage fund.

15 * Sec. 3. AS 18.56.091 is amended by adding a new subsection to read:

16 (b) Notwithstanding (a) of this section, the loan amount eligi-
17 ble for assistance under the subsidy authorized by (a) of this section
18 is the amount determined under AS 18.56.098(f).

19 * Sec. 4. AS 18.56.098(f) is amended to read:

20 (f) In this section and in AS 18.56.099

21 (1) "graduated payment mortgage loan" means a mortgage loan
22 the terms of which provide for monthly principal and interest payments
23 that

24 (A) during the first year of the mortgage loan are
25 lower than the monthly principal and interest payments that would
26 be required under the terms of a level payment mortgage loan made
27 at the same interest rate; and

28 (B) during subsequent years of the mortgage loan are
29 graduated to provide for the same return over the term of the

1 loan that would have been provided by a level payment mortgage
2 loan made at the same interest rate;

3 (2) "loan amount eligible for assistance" means the amount
4 of a mortgage loan that does not exceed the amount of the loan estab-
5 lished by law; if an amount has not been established by law, the
6 amount is zero;

7 (3) [REPEALED] "mortgage loan" includes a beneficial in-
8 terest or participation in a mortgage loan;

9 (4) "residence" means

10 (A) an owner-occupied, single-family residence, in-
11 cluding a mobile home; [,] or

12 (B) an owner-occupied duplex, triplex, or fourplex.

13 * Sec. 5. AS 18.56.098(f) is repealed and reenacted to read:

14 (f) In this section and in AS 18.56.091 and 18.56.099

15 (1) "graduated payment mortgage loan" means a mortgage loan
16 the terms of which provide for monthly principal and interest payments
17 that

18 (A) during the first year of the mortgage loan are
19 lower than the monthly principal and interest payments that would
20 be required under the terms of a level payment mortgage loan made
21 at the same interest rate; and

22 (B) during subsequent years of the mortgage loan are
23 graduated to provide for the same return over the term of the
24 loan that would have been provided by a level payment mortgage
25 loan made at the same interest rate;

26 (2) "loan amount eligible for assistance" means

27 (A) the first \$50,000 of a mortgage loan for persons
28 of lower or moderate income whose purchase of a home is assisted
29 under AS 18.56.091; or

1 (B) except as to persons whose purchase of a home is
2 assisted under AS 18.56.091, the amount of a mortgage loan that
3 does not exceed the amount of the loan established by law; if an
4 amount has not been established by law, the amount is zero;

5 (3) "mortgage loan" includes a beneficial interest or
6 participation in a mortgage loan;

7 (4) "residence" means

8 (A) an owner-occupied, single-family residence, in-
9 cluding a mobile home; or

10 (B) an owner-occupied duplex, triplex, or fourplex.

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

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

15 (1) The interest rate on the loan amount eligible for
16 assistance [FIRST \$90,000] of a mortgage loan purchased with the
17 proceeds of an issue of taxable bonds of the corporation is three
18 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
20 percent, the interest rate is equal to the cost of funds; and

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

23 (2) An interest rate determined under this subsection on
24 the loan amount eligible for assistance [FIRST \$90,000] of a mortgage
25 loan that is not purchased from the proceeds of bonds that are qual-
26 ified veterans' mortgage bonds under the applicable provisions of 26
27 U.S.C. (Internal Revenue Code) [26 U.S.C. 103A (MORTGAGE SUBSIDY BOND
28 TAX ACT OF 1980), AS AMENDED,] shall be reduced by one percentage
29 point if the loan is made to an eligible veteran under AS 18.56.101.

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

5 (4) The interest rate on the loan amount eligible for
6 assistance [FIRST \$90,000] of a mortgage loan purchased with money
7 that is not the proceeds of either taxable or tax-exempt bonds is the
8 rate the corporation determines is appropriate by application of the
9 provision of (1) of this subsection.

10 (5) The interest rate on the loan amount eligible for
11 assistance [FIRST \$90,000] of a mortgage loan purchased from the
12 proceeds of bonds that are exempt from taxation other than bonds that
13 constitute qualified veterans' bonds under (i) of this section, is
14 equal to the interest rate determined under (1) and (2) of this sub-
15 section on a loan purchased under (a) of this section from the pro-
16 ceeds of the most recent applicable issue of taxable bonds sold by the
17 corporation. A higher or lower interest rate shall be established on
18 the entire loan amount if required to ensure the tax-exempt status of
19 the bonds.

20 (6) The corporation shall determine the interest rate on a
21 mortgage loan that is an adjustable rate mortgage loan as provided in
22 this subsection. The corporation shall recalculate the interest rate
23 from time to time based on changes in the cost to the corporation of
24 the funds used to purchase the adjustable rate mortgage loan. How-
25 ever, the corporation may establish a minimum interest rate applicable
26 to an adjustable rate mortgage loan, and the interest rate on the
27 adjustable rate mortgage loan may not be less than the minimum inter-
28 est rate so established regardless of the cost of funds to the corpo-
29 ration.

1 (7) For loans made under this section, the corporation
2 shall give effect to interest rate changes applicable to the loans
3 based on time of loan application, time of issuance of the corpora-
4 tion's bonds issued to purchase loans, or other factors as the corpor-
5 ation determines.

6 (8) [(7)] In this subsection

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

12 (B) "taxable bonds" means bonds bearing interest that
13 is taxable under applicable provisions of 26 U.S.C. (Internal
14 Revenue Code) and which were [26 U.S.C. 103A (MORTGAGE SUBSIDY
15 BOND TAX ACT OF 1980)] issued to finance the purchase of first
16 mortgage loans.

17 * Sec. 7. AS 18.56.098(h) is amended to read:

18 (h) The corporation shall establish the interest rate on a
19 second mortgage loan purchased under (a) of this section in the manner
20 established for computing the interest rates on a first mortgage loan
21 under (g) of this section except that, in the case of a second mort-
22 gage loan, if the first mortgage loan made to the same borrower is
23 held by the corporation and was purchased under the special mortgage
24 loan purchase program, the outstanding principal balance of the exist-
25 ing first mortgage loan is subtracted from the loan amount eligible
26 for assistance [\$90,000] to determine the amount of the loan that is
27 eligible for an interest rate on a second mortgage loan determined by
28 reference to (g) of this section.

29 * Sec. 8. AS 18.56.098(i) is amended to read:

1 (i) The interest rate on the loan amount eligible for assistance
2 [FIRST \$90,000] of a mortgage loan purchased from the proceeds of
3 bonds that constitute qualified veterans' mortgage bonds under appli-
4 cable provisions of 26 U.S.C. (Internal Revenue Code) is [26 U.S.C.
5 103A (MORTGAGE SUBSIDY BOND TAX ACT OF 1980) AS AMENDED, IS THE GREAT-
6 ER OF (1) FOUR PERCENT LESS THAN THE COST OF FUNDS OR (2)] the rate
7 for other loans to veterans under (g)(2) of this section [AS 18.56.-
8 098(g)(3)]. A higher or lower interest rate shall be established on
9 the entire loan amount if required by applicable provisions of 26
10 U.S.C. (Internal Revenue Code) [UNDER 26 U.S.C. 103A].

11 * Sec. 9. AS 36.30.015(e) is amended to read:

12 (e) The board [BOARDS] of directors of [THE ALASKA RAILROAD
13 CORPORATION AND] the Alaska State Housing Authority shall adopt proce-
14 dures to govern the procurement of supplies, services, professional
15 services, and construction [BY THE CORPORATION]. The procedures must
16 be substantially equivalent to the procedures prescribed in this
17 chapter and in regulations adopted under this chapter.

18 * Sec. 10. AS 36.30.990(1) is amended to read:

19 (1) "agency"

20 (A) means a department, institution, board, commis-
21 sion, division, authority, public corporation, the Alaska Pio-
22 neers' Home, or other administrative unit of the executive branch
23 of state government;

24 (B) does not include

25 (i) [, EXCEPT FOR] the University of Alaska;

26 (ii) [,] the Alaska State Housing Authority;

27 (iii) the [AND] Alaska Railroad Corporation;

28 (iv) the Alaska Housing Finance Corporation;

29 (v) [IT DOES NOT INCLUDE] a regional Native

1 housing authority created under AS 18.55.996, or a regional
2 electrical authority created under AS 18.57.020;

3 * Sec. 11. AS 37.07.120(1) is amended to read:

4 (1) "agency"

5 (A) means a department, officer, institution, board,
6 commission, bureau, division, or other administrative unit form-
7 ing the state government, and includes the Alaska Pioneers' Home
8 and the University of Alaska;

9 (B) [, BUT] does not include

10 (i) the legislature;

11 (ii) [OR] the judiciary; or

12 (iii) the Alaska Housing Finance Corporation;

13 * Sec. 12. AS 42.40.100 is amended to read:

14 Sec. 42.40.100. MANAGEMENT BY THE BOARD. The board is responsi-
15 ble for the management of the corporation but shall delegate certain
16 powers and duties to the chief executive officer in accordance with
17 AS 42.40.120. In managing the corporation the board shall

18 (1) be responsible for the management of the financial and
19 legal obligations of the Alaska Railroad;

20 (2) operate the Alaska Railroad as a common carrier subject
21 to the jurisdiction of the United States Interstate Commerce Commis-
22 sion consistent with 45 U.S.C. 1207;

23 (3) generally manage the corporation on a self-sustaining
24 basis;

25 (4) apply to the legislature for an appropriation with the
26 concurrence of the governor to be used to provide a particular service
27 that is not otherwise self-sustaining if a subsidy is required to
28 maintain that service;

29 (5) provide for safe, efficient, and economical

1 transportation to meet the overall needs of the state;

2 (6) raise needed capital by issuing bonds of the corpora-
3 tion upon approval by the legislature while ensuring that borrowing by
4 the corporation does not directly or indirectly endanger the state's
5 own borrowing capacity;

6 (7) review all state and other land disposal proposals to
7 aid in planning for future development or expansion of transportation
8 services;

9 (8) adopt and publish procedures to govern the procurement
10 of supplies, services, professional services, and construction by the
11 corporation; the procedures adopted must [ENSURE THAT THE PROCUREMENT
12 PROCEDURES OF THE CORPORATION] meet accepted railroad industry stan-
13 dards;

14 (9) ensure that the accounting procedures of the corpora-
15 tion meet generally accepted accounting principles consistent with
16 industry standards for comparable railroads.

17 * Sec. 13. LOAN AMOUNTS ELIGIBLE FOR ASSISTANCE FOR LOANS ISSUED UNDER
18 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second
19 mortgage loans purchased by the Alaska Housing Finance Corporation from the
20 special mortgage loan purchase program and from qualified veterans' mort-
21 gage bonds

22 (1) after June 30, 1990, and before July 1, 1991, the loan
23 amount eligible for assistance under AS 18.56.098 is \$70,000;

24 (2) after June 30, 1991, and before July 1, 1992, the loan
25 amount eligible for assistance under AS 18.56.098 is \$50,000;

26 (3) after June 30, 1992, and before July 1, 1993, the loan
27 amount eligible for assistance under AS 18.56.098 is \$30,000.

28 * Sec. 14. Of the two additional public members appointed by the gover-
29 nor under AS 18.56.030(a), amended by sec. 1 of this Act, one member shall

1 serve a term of two years and one shall serve a term of one year. Whe:
2 making the appointments, the governor shall specify the length of the term
3 of each person appointed.

4 * Sec. 15. Sections 3 and 5 of this Act take effect July 1, 1992.

5 * Sec. 16. Except for secs. 3 and 5 of this Act, this Act takes effect
6 July 1, 1990.