

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2715

Attachment 1

- 890 -

4-29-80

WO 6420
Vassar
04-29-80

Original sponsors: Ray and Stimson

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 140

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to financial assistance for commercial
7 purchasers of salmon; and providing for an effective
8 date."

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

10 * Section 1. COMMERCIAL FISH PURCHASERS ASSISTANCE FUND. (a) There is
11 created in the Alaska Renewable Resources Corporation (AS 37.12.010) the
12 commercial fish purchasers assistance fund. The commercial fish purchasers
13 assistance fund shall be administered by the Board of Trustees of the Alaska
14 Renewable Resources Corporation and may only be financed by appropriations by
15 the legislature.

16 (b) The Board of Trustees of the Alaska Renewable Resources Corporation
17 may use money in the commercial fish purchasers assistance fund to provide
18 financial assistance to commercial purchasers of the 1980 salmon harvest.
19 Financial assistance under this subsection may be provided in accordance with
20 AS 37.12.080, except that in providing financial assistance under this sub-
21 section the Board of Trustees of the Alaska Renewable Resources Corporation

(1) is not required to comply with the provisions of AS 37.12.-
23 080(b)(1); and

24 (2) is required to comply with the provisions of AS 37.12.-
25 080(a)(1) only to the extent the Board of Trustees determines is possible
26 considering the limited time available to provide financial assistance to
27 commercial purchasers of the 1980 salmon harvest.

28 * Sec. 2. LOAN GUARANTEES FOR COMMERCIAL FISH PURCHASERS. (a) The
29 Commercial Fishing and Agriculture Bank (AS 44.54.010) may enter into agree-

Attachment 1

- 891

4-29-80

1 ments with financial institutions to provide guarantees of loans or parts of
2 loans made by the Commercial Fishing and Agriculture Bank to commercial
3 purchasers of the 1980 salmon harvest with money received by the Commercial
4 Fishing and Agriculture Bank from the financial institutions.

5 (b) The authorization to provide guarantees under (a) of this section
6 does not apply to loans or parts of loans made by the Commercial Fishing and
7 Agriculture Bank with money received by the Commercial Fishing and Agri-
8 culture Bank from a source other than a financial institution.

9 (c) The authorization to provide guarantees under (a) of this section
10 may be exercised only to the extent that the legislature appropriates money
11 to the Commercial Fishing and Agriculture Bank for that purpose.

12 (d) In this section, "financial institution" means a bank chartered by
13 the United States or by a state of the United States and the institutions of
14 the federal farm credit system.

15 * Sec. 3. (a) The legislature finds that the Alaska Renewable Resources
16 Corporation has complied with the requirements for an investment of
17 \$3,500,000 in Ball Brothers, Inc., an Alaska corporation, except for the
18 requirement in AS 37.12.080(b)(1). The legislature further finds that
19 approval of this investment is in the public interest.

20 (b) Notwithstanding AS 37.12.080(b)(1), the investment of the Alaska
21 Renewable Resources Corporation in Ball Brothers, Inc., in the amount of
22 \$3,500,000 is approved and the Alaska Renewable Resources Corporation is
23 authorized to make the investment.

24 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

Attachment 1

-892-

4-29-82

Vassar ✓
4/28/80

Original sponsor: Rules/Governor

Funding Information

General Fund	\$40,271,400
Other Funds	15,000,000
	<u>\$55,271,400</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 222

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Alaska
7 Renewable Resources Corporation and the Commercial
8 Fishing and Agriculture Bank; and providing for an
9 effective date."

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

11 * Section 1. The sum of \$15,000,000 is appropriated from the Alaska
12 renewable resources development fund (AS 37.11.010) to the commercial fish
13 purchasers assistance fund in the Alaska Renewable Resources Corporation to
14 provide financial assistance to commercial purchasers of the 1980 salmon
15 harvest.

16 * Sec. 2. The sum of \$271,400 is appropriated from the general fund to
17 the Alaska Renewable Resources Corporation for screening and developing
18 project opportunities for the fiscal year ending June 30, 1980.

19 * Sec. 3. The sum of \$40,000,000 is appropriated from the general fund to
20 the Commercial Fishing and Agriculture Bank for authorized loan guarantees
21 provided under a version of an Act entitled "An Act relating to financial
22 assistance to commercial purchasers of salmon; and providing for an effective
23 date." Payment of all or part of the appropriation made in this section to
24 the Commercial Fishing and Agriculture Bank is conditional upon certification
25 by the Commercial Fishing and Agriculture Bank to the commissioner of revenue
26 that default of payment on a guaranteed loan has occurred and that, under the
27 terms of an agreement entered into between the Commercial Fishing and Agricul-
28 ture Bank and a financial institution for which the guarantee is made, the
29 payment of all or part of the appropriation is required.

Attachment 1

-893-

4-29-80

1 * Sec. 4. The unexpended and unobligated portions of the appropriations
2 made by this Act lapse into the funds from which appropriated June 30, 1981.

3 * Sec. 5. This Act takes effect on the effective date of a version of an
4 Act entitled "An Act relating to financial assistance for commercial pur-
5 chasers of salmon; and providing for an effective date."

HOUSE FINANCE COMMITTEE

April 30, 1980

2:35 p.m.

[Tape HFC 80-57, Side 2 #058.]

All Members of the Committee were present except Representatives Meekins, Montgomery and Moss. Also present were: Dennis Kelso, Alcan Associates; and George Mundell, Office of Alcoholism and Drug Abuse.

PRESENT

Vice-Chairman Freeman called the meeting to order and brought HB 605 up for consideration.

HB 605

"An Act authorizing municipalities to participate in the program of supplementary employee benefits; and providing for an effective date."

Vice-Chairman Freeman advised people from the Division of Retirement and Benefits were here prior to the convening of the meeting, and they indicated they were in favor of the bill. He said the fiscal note (dated 3/11/80) is a "wash" as the funds will come from supplemental benefits money.

Representative Duncan advised the bill allows municipalities to opt out of social security. Representative Rogers asked if they could opt out craft by craft. He commented that some people in unions in his district have written him indicating they don't want to opt out of social security. Mr. Doogan, A.A. to Representative Meekins, explained the rules for opting out of social security allow that it be done only by political subdivision. He said it probably wouldn't be possible to give individual crafts the option of opting out. Representative Duncan said this would be just like the State program, where anyone working for the State does not pay social security. There was brief discussion.

Representative Duncan moved that the State Affairs CS for HB 605 be reported out of Committee. There being no objection, it was so ordered.

ST. AFF.
CSHB 605
REPORTED
OUT

The next bill to be considered was HB 830.

"An Act relating to alcohol and drug abuse; combining and changing the membership of the advisory boards on alcoholism and drug abuse; changing the responsibilities of the office of alcoholism; amending the alcoholism grant-in-aid program; and repealing a requirement for mandatory discharge of an alcoholic from involuntary commitment."

HB 830

4/30/80

Vice-Chairman Freeman advised there is a HESS CS for the bill with a fiscal note in the amount of \$626.0.

Dennis Kelso, Alcan Associates, advised he has been providing consulting services to Representative Meekins on alcohol abuse. He presented a proposed Finance Committee Substitute. He explained the CS provides for the following changes: (1) it allows for a member of the Alcohol Beverage Control Board to serve on the Governor's Advisory Board for Alcohol and Drug Abuse; (2) the proposed CS restates the law as it is now, so that money under the grant-in-aid statutes would be provided to communities 75% state money/25% local match. He explained the Department can waive the local match requirement for small rural communities that do not have funds to meet the match.

Mr. Kelso explained the HESS CS provides for a 90%/10% match ratio, and it does not allow for any exceptions. He said that accounts for the HESS fiscal note. There was discussion on this proposal.

Mr. Kelso advised the third change in the bill adds the administrator of the ABC Board as a member to the inter-departmental coordinating committee. He said the forth change combines the present Alcohol Advisory Board and the Drug Abuse Board. He said it also changes the composition of members. He explained the present set up and said the change is for one Board with 13 members.

Mr. Kelso said there was an error made in drafting the Finance CS. He explained on page 4, line 22, a period should be added after "industry" and the rest of the language in that sentence should be deleted.

Mr. Kelso said the language changes from page 5, line 15 through page 10 are simply wording changes to accomplish changes in the responsibility for the custody of patients admitted for treatment involuntarily from the coordinator of the Office on Alcohol and Drug Abuse to the Administrator of the treatment center. He explained the need for that change.

Mr. Kelso said the last change is on page 10, line 13, which repeals the present statutes. He said the first section repeals the present statute where a person involuntarily committed can petition to opt for voluntary treatment, and he can then just walk away from the facility.

Mr. Kelso said the other repeal is to change an inconsistency between voluntary and involuntary commitment. He explained that a person involuntarily committed by the Courts for incapacitation for violence, could be discharged once he is no longer violent; he said a person who commits himself voluntarily cannot do that.

Mr. Kelso said one other difference between the proposed Finance CS and the HESS CS, is that the HESS CS provides for nine members on the Board, where the Finance CS has 13.

There was brief discussion on the fiscal note.

Representative Rogers moved to report out a Finance CS for HB 830, incorporating the proposed Finance CS with the amendment on Page 4. He further moved that the bill be reported out with a zero fiscal note. There being no objection, it was so ordered.

FINANCE CS
HB 830
REPORTED OUT
W/ZERO
FISCAL NOTE

Mr. Doogan said that Chairman Meekins asked him to advise the Committee that they have prepared a draft on the housing loan financing bill, and they anticipate it coming to the Finance Committee in the near future.

The meeting adjourned at 3:05 p.m.

ADJOURN

Tape HFC 80-57, Side #2, #058 to 640

4/30/80

HOUSE FINANCE COMMITTEE

May 1, 1980

2:00 p.m.

All Committee members were present, except Representative Schaeffer. Representatives McKinnon, Smith, Duncan, Moss and Meekins arrived later in the meeting. Also in attendance: Jay Barton, President, and Ashok Dhringa, University of Alaska; Richard Logan, Chief, Habitat Protection Section, and Robert Roys, Director, Division of Fisheries Rehabilitation Enhancement and Development, Department of Fish and Game; Peggy Berck, Administrative Aide to Representative Parr, House Judiciary Committee; Mike Doogan and John Crandall, Administrative Assistants to Chairman Meekins; Bob Grogan, Fiscal Analyst, Legislative Finance Division.

PRESENT

Vice Chairman Freeman called the meeting to order and announced the first order of business is consideration of HB 649 and CSSB 80:

HB 649 - "An Act relating to appropriations to and management of appropriations and program receipts by the University of Alaska and establishing the University of Alaska working capital reserve fund; and providing for an effective date."

HB 649

CSSB 80 - "An Act making transfers between general fund appropriations affecting the University of Alaska for the 1977 and 1978 fiscal years; and providing for an effective date."

CSSB 80

President of the University of Alaska Jay Barton advised his presentation would address three questions: (1) Why a working capital reserve fund is needed; (2) How much is needed; and (3) How this can be met.

[Representative McKinnon arrived at this time.]

During his presentation, President Barton referred to several charts. He explained the need is for 2-1/2 months of working capital and 1/2 month for contingency. He also discussed the actual cash requirements necessary to fund restricted activity.

[Representative Smith arrived at this time.]

President Barton listed four ways to meet this need: (1) through direct appropriation as many universities and private businesses do; (2) to operate directly out of the

treasury; (3) by borrowing limited amounts; and (4) accumulation through development of funds. He noted Perdue University does not lapse general funds. The request made of the Legislature, he stated, is for a direct appropriation of \$6.8 million, which he explained, is approximately equal to that that was lapsed in 1977-78. He advised they have also asked to retain general fund lapses to build up a cash reserve equal to 1/3 of their restricted fund. In addition, he stated they have requested authority to develop their own program receipts to build up their working capital fund, with consideration given to proper accounting procedures.

Representative Rogers noted it is the request of the chairman (Representative Duncan) of the Budget and Audit Committee that Section 2 of HB 649 not be considered at this time because it affects pending litigation. President Barton explained that, in a telephone conversation with the Board of Regents concerning the lawsuit lodged against the Administration by the University, they believe it would be desirable to withdraw all elements of the case, with the exception of those dealing with the land issue, which would be carried to court. He indicated Representative Duncan should be receiving a letter to that effect shortly from the University.

[Representative Duncan arrived at this time.]

President Barton recapped that on May 10, the Board of Regents will be instructing the attorneys to withdraw that portion of the lawsuit affecting Section 2 of HB 649.

Representative Guy asked the amount of the restricted fund at this time, and President Barton indicated \$37 million and that unrestricted is 57%-67% of their total budget.

In view of the fact that the lawsuit is still pending, Representative Rogers moved to delete Section 2 of HB 649 and report out a House Finance Committee Substitute for CSSB 80 using Sections 1 and 3 of HB 649, with new title change, and \$4.5 million fiscal note attached. There being no objection, it was so ordered. Finance HCS for CSSB 80 was reported out, fiscal note attached, with a "do pass" recommendation.

FINANCE HCS
FOR CSSB 80
REPORTED OUT

Vice Chairman Freeman advised HB 118 is the next bill up for discussion:

HB 118 - "An Act relating to the maintenance of stream flows and levels of water."

HB 118

Dick Logan testified the intent of the bill is to allow agencies to appropriate water, in addition to purposes such as navigation and hydropower. He discussed water rights. Representative Guy asked if a tributary is considered a stream, and Mr. Logan indicated yes. Referring to reserved waters, Representative Guy asked what in-stream flow is. Mr. Logan explained that, under existing law, people can appropriate water until the stream runs dry. Representative Guy then asked him to explain the term "gtu", and Mr. Logan indicated it is a measurement of how much dirt is in the water.

Vice Chairman Freeman brought up the fiscal notes, stating there are three now before the Committee: (1) Department of Fish and Game, 2-1-79, for zero; (2) Department of Natural Resources, 3-4-80, for \$148.8; and (3) Department of Fish and Game, 4-11-80, for \$187.5 for FY 81 and \$206.3 for FY 82. Mr. Logan explained the fiscal note he prepared for the Resources CS for \$187.5 includes the amendment by Representative Bettisworth that the anadromous fish category be updated to name all the streams that include salmon. During discussion, Vice Chairman Freeman wondered if the anadromous category was worth that amount of money. Representative Rogers indicated he supports the Bettisworth amendment, but feels the fiscal note is too high. In response to Representative Rogers, Mr. Logan indicated that most of the contractual line item would not be necessary and that in personal services one of the full-time positions could be deleted. Representative Haugen suggested a first-year appropriation, with intent the Department return to the Legislature next year with a program accounting.

[Representative Moss arrived at this time.]

Representative Rogers moved to reduce the Department of Fish and Game fiscal note to \$125.0 in miscellaneous, with one full-time and four part-time positions for one year only, with INTENT the Department report back to the Legislature next year; and FY 82 would show zero. He then moved the Department of Natural Resources fiscal note also be reduced to \$125.0 in miscellaneous, with one full-time and two part-time positions, and shown as a one-year appropriation. This makes the total cost of the bill \$250.0, he said. There be being no objection, it was so ordered.

FISCAL NOTES
& INTENT
APPROVED

Representative Montgomery requested the report of the previous committee be read. Vice Chairman Freeman advised the Resources Committee reported out their CS for HB 118 with eight "do pass" recommendations.

Representative Rogers moved to report out the Resources Committee Substitute for HB 118 with the two fiscal notes and letter of intent attached. There being no objection, it was so ordered. Resources CS for HB 118 was reported out with a "do pass" recommendation.

RESOURCES
CS FOR HB 118
REPORTED OUT

HB 529 was the next bill to come before the Committee:

HB 529 - "An Act relating to fish disease control."

HB 529

Bob Roys, FRED Division, explained that, basically, this bill cleans up Title 16 and allows for expansion of and provides assistance for the program. He briefly covered the fiscal note. Representative Rogers asked if the Division would have needed this additional money regardless of this legislation, and Mr. Roys indicated probably.

[Chairman Meekins arrived at this time and conducted the meeting.]

Representative Smith ask Mr. Roys to speak on the outbreak of fish disease that has been in the newspapers the past few weeks. Mr. Roys commented the reporting in the press was unfortunate. He advised it is a virus that those involved in hatcheries are well aware of, and that contrary to popular belief, natural stocks are reservoirs for disease. However, he added, this bill is not in relation to that virus.

Representative Freeman moved to report out the Resources Committee Substitute for HB 529 with the \$105.0 fiscal note attached. There being no objection, it was so ordered. Resources CS for HB 529 was reported out with a "do pass" recommendation.

RESOURCES
CS FOR HB 529
REPORTED OUT

At this time, Chairman Meekins informed the Committee that House Finance Committee Substitutes for CSSB 140 and CSSB 222 were taken from today's House calendar (amendment pending, HCS CSSB 140) and returned to the Finance Committee. He indicated the Committee would address these bills at a later date.

HCS CSSB 140
HCS CSSB 222
RETURNED

The last bill to be discussed by the Committee was HB 983:

HB 983 - "An Act relating to parole of offenders; continuing the Board of Parole; and providing for an effective date."

HB 983

Peggy Berck, Administrative Aide to Representative Parr, provided a brief overview of the bill. Chairman Meekins asked what is new in the bill that requires additional money. Ms. Berck advised the Board of Parole was increased from five to seven members; and the pay per day was also

increased, as was the travel and per diem. Under the bill, she stated, the Board would have to adopt administrative procedures, and pages 5 and 6 of the Judiciary CS also have fiscal impact. Another matter having fiscal impact, she advised, is that, if a person housed at a correctional facility requires special treatment, the legislation states that the facility will provide that treatment.

After brief discussion, Chairman Meekins advised that, since this was covered in the Criminal Justice Master Plan, he would appoint himself as a subcommittee, together with any volunteers, to look into this bill and make recommendations to the Committee. Representative Montgomery indicated he wished to serve on this subcommittee. CRIMINAL
JUSTICE
SUBCOMMITTEE

Chairman Meekins also appointed a subcommittee on energy conservation (SB 438), consisting of Representatives Rogers and Freeman. ENERGY
SUBCOMMITTEE

There being no further business to come before the Finance Committee at this time, the meeting adjourned at 3:10 p.m. ADJOURN

Tape HFC 80-57 Side 2 #640 - End
 80-58 Side 1 #001 - End
 Side 2 #001 - #125

HOUSE FINANCE COMMITTEE

May 6, 1980

2:30 p.m.

[Tape HFC 80-59, Side 1 #001.]

All Members of the Committee were present except Representative McKinnon. Representative Duncan arrived later in the meeting. Other legislators present: Representatives Gardiner, Malone, Bettisworth, Anderson, Osterback, Hayes and Hurlbert; Senators Rodey and Mulcahy. Providing testimony were Mike Doogan, A. A. to Rep. Meekins; Bill Barr, Dean Whitter and Associates; Eric Wohlforth, Bond Counsel to Alaska Housing Finance Corporation; and Mr. Cook.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would receive testimony on the House CS's for SB 140 and SB 222.

HOUSE CS
SB 140 &
SB 222

HCS CSSB 140 (Finance) - "An Act relating to financial assistance for commercial purchasers of salmon; and providing for an effective date."

HCS CSSB 222 (Finance) - "An Act making special appropriations to the Alaska Renewable Resources Corporation; making an appropriation for a loan to the Commercial Fishing and Agriculture Bank; providing for the transfer of general fund assets to the fish processing loan guarantee account; and providing for an effective date."

Speaker Gardiner explained that SB 222 is the appropriation bill for SB 140. He explained the changes in the CS for SB 222:

Section 1 - Speaker Gardiner explained the section states the money goes into an express account and is only to be used for a specific purpose -- the 1980 salmon harvest. Speaker Gardiner advised that Section 2 appropriates \$271,400 to ARRC. He said these funds are also in HB 60, but he recommended the money also be kept in this bill in the event it passes before HB 60 does. He commented ARRC will not be able to perform all the duties the Legislature is requesting of them if they do not get these funds.

Speaker Gardiner said section 3 contains new language, but it is not a new concept. He said the intent of this language was included in the Finance Committee's letter of intent. He said the section appropriates \$12,000,000 to the Commercial Fish and Agriculture Bank (CFAB).

5/6/80

Mr. Doogan explained that Section 4 directs the Commissioner of Revenue to establish a fish processing loan guarantee account. He advised the funding information indicates that \$87,271,400 is to be appropriated, but of that amount only \$2.7 million will actually be appropriated for FY 81. He said the other \$60 million is a transfer in illiquid assets. He advised the securities for this amount are explained in the enabling legislation (SB 140).

Representative Rogers asked if this meant \$2.7 million would come out of the revenues available for appropriation, but the \$60 million would not. Mr. Doogan said this was right and further explained that if there were no calls on the guarantee there is a provision that all the funds will lapse June 30, 1981. He said the reason the appropriation bill calls for the \$60 million guarantee is the assumption that if they had to exercise the guarantee they would have to discount in the market.

Representative Haugan asked what the turn around was on the money. Speaker Gardiner said they are talking about making six month loans that could be rolled over, for twelve months at the most.

Speaker Gardiner advised one other change in the bill is that they have deleted the section that would have made an appropriation for the Ball Brothers. He said that section is included in a new bill -- HB 1021 -- which the Committee could consider separately.

There was brief discussion on the collateral for the loans. Speaker Gardiner commented these loans are being made for this year against this year's catch. He said "if anyone is hurt" it will probably be the banks that made the loans last year.

Representative Rogers moved to report out HCS CSSB 140 (Finance) and HCS CSSB 222 (Finance) with the letter of intent (see attachment #1). There being no objection, it was so ordered. The bills were reported out with do pass recommendations.

HOUSE FIN.
CS'S FOR
SB 140 &
SB 222
REPORTED
OUT

The next bill to be considered was HB 1021.

"An Act granting authority to the Alaska Renewable Resources Corporation to exceed investment limits by investing \$3,500,000 in Ball Brothers, Inc.; and providing for an effective date."

HB 1021

Representative Anderson advised this was previously included as a section of SB 140 and was discussed by the Committee at that time. He said the bill is basically a waiver to allow ARRC to approve the loan. He advised that ARRC has recommended that the loan be approved. There was brief discussion.

5/6/80

Representative Moss moved that HB 1021 be reported out of Committee. There being no objection, it was so ordered. HB 1021 was reported out with a do pass recommendation.

HB 1021
REPORTED
OUT _____

A recess was called at 2:50 p.m. and Chairman Meekins recalled the meeting to order at 3:00 p.m.

RECESS

[Representative Duncan arrived at this time.]

Chairman Meekins stated the next subject to be considered was a Housing Loan Bill. He presented work order #8481 -- "An Act relating to the Alaska Housing Finance Corporation."

HOUSING
LOAN
BILL

Mr. Doogan presented an outline of what the work draft proposed to do (see attachment #2), and he explained the draft. Representative Rogers questioned the one year term for members of the Board. He suggested the rapid turn-over could create more problems than it solves. Chairman Meekins said a strong assumption would be that the Legislature would routinely reconfirm members. He said a problem with three or four year terms is that mortgage financing changes almost every day, and if they have to wait as long as three years to confirm appointments, the confirmation power is really weakened. There was further discussion.

Senator Rodey asked if having additional members on the Board would affect the bond rating. He asked what the result would be of these changes to AHFC. Mr. Doogan commented there are a variety of opinions on that. He said the Committee's financial advisors are of the opinion that a reasonable set of changes, designed to bring AHFC under the proper control of the Legislature, would not have an adverse affect on the market. There was discussion.

Mr. Doogan explained the Draft establishes a loan acceptance committee responsible directly to the Board. He said the purpose of the Committee would be to give the Board another source of information, besides the normal operating officers, as to how the group is performing with regard to loans; and to give the type of loan review that is common to certain financing entities. He said there are a variety of opinions on the loan committee.

Mr. Doogan said the draft authorizes the corporation to sell taxable bonds. He said this is probably the biggest change to the powers of AHFC. He said this would increase their authority to all income levels.

Mr. Doogan said there are a variety of powers AHFC has that it has not exercised. He said the Draft removes their power to finance construction. There was discussion.

5/6/80

[Tape change, HFC 80-59, Side 2.]

Mr. Doogan further explained the intent of the Draft. There was discussion. Chairman Meekins said this is the first workdraft on the bill. He appointed a Subcommittee of himself as Chairman, and Representatives Rogers and Freeman to work on the loan bill, and come back to the full Committee with a proposal.

Bill Barr, Dean Whitter, Manager and Underwriters for AHFC, called to the Committee's attention a substitute for the Draft they prepared and are proposing, which he said maintains the broad policy directions, but gets rid of some of the "troublesome mechanics in the thing". He concurred that the legislature has to set the broad policy direction; but in order to not encumber the Legislature in carrying out the policy directions, he suggested avoiding including details that more properly belong in rules and regulations. He said the primary problem they have with the draft bill is that it does provide for the interest reduction fund concept. He said that is troublesome to work with and it also encumbers more of the State's money to provide the same level of subsidy for a given amount of mortgage bonds. He suggested the "SAM" (State Assistance Mortgage) single fund concept gets at the broad policy considerations, but does it more efficiently.

Mr. Barr brought the Committee up to date on the situation in Washington regarding federal legislation. He said under present law, they are allowed up to the limit of the Fanny-Mae maximum for housing in Alaska. He explained the problem is that the House has passed a bill that would threaten to make all of those bonds taxable and it has a retroactive date. He advised that Chairman Long of the Senate Finance Committee has stated publicly that no bill will pass out of the Senate Finance Committee if it encumbers mortgage lending and home builders. He commented further.

Chairman Meekins asked how that affects the bond market. Mr. Barr responded Mr. Long's statements carry a lot of weight, but probably all by themselves would not be sufficient for most bond counsel to give an opinion that bonds can claim the tax exemption. He commented further.

Mr. Barr said if there was a way to set aside the bond market to take the risk of bonds being issued under present law as tax exempt, if worse came to worse and the bonds became taxable, the State could probably go ahead and issue tax exempt bonds today being pretty assured that if the Chairman of the Senate Finance Committee does pass out legislation that prevents future financing of total tax exempt bonds, the State could still go ahead now and the

5/6/80

chances for the bonds being taxable are very remote. He said their recommendation to AHFC is that they go ahead and continue the financing of their program with tax exempt bonds as they have been doing. There was further discussion.

Mr. Barr said the consensus they came away with is that it is probable the bill won't be brought up for hearings at all in the Senate. He said even if there are hearings, and it does pass the Senate, it would then go to Conference, so they don't really think the situation will get resolved by the time this session of Congress adjourns.

There was discussion on using the \$105 million loan program for bonding.

Mr. Eric Wohlforth, Bond Counsel, AHFC, reaffirmed Mr. Barr's statements on what they heard in Washington D.C. -- that is the extreme unlikelihood of a bill being passed with a retro-active date.

Mr. Wohlforth commented on the SAM program. He said this means a structural difference in the configuration of the legislative bill. He said they are no longer talking about a dollar funded interest subsidy to bring mortgages down to a fixed rate. He said they are talking about an appropriation or a transfer of cash to purchase mortgages. He said those purchased mortgages become the funding base for the ultimate program. He said that structural change is in the legislation they are proposing.

Mr. Wohlforth said their draft differs substantially from the Committee draft, except in respect to certain common agreed points. He said they are not making the distinction between tax exempt and taxable bonding. He explained further.

Mr. Wohlforth said other substantial differences in their bill include (1) membership of the corporation is two commissioners and five public members; (2) restoration of three year instead of one year terms; (3) they accept the additional reporting requirements and the subjection of the corporation to the Executive Budget Act; (4) they removed the requirement that each year the legislature authorize the bonds of the corporation by concurrent resolution. Mr. Wohlforth said there are other differences in the draft bills, but these are the principle ones. He said the loan acceptance committee is not in their draft. He said they feel that with proper will advertised regulatory guidelines, the loan acceptance function is an administrative function to be done on the basis of objective criteria. He said the thrust of what they are talking about is a financing mechanism that creates a potential for getting the mortgage market in Alaska on a much more stable basis over a considerable period of time.

5/6/80

There was discussion on Board memberships.

Mr. Cook, co-chairman of the legislative committee for the Association of Realtors, associated with Interior Housing and Mortgage and the Fairbanks Board of Realtors commented on workdraft #8481. He said they are concerned that the one year term of the Board is too short. He said they also question the loan acceptance committee. He said they feel it would tend to be duplicative, costly, and maybe not necessary. He suggested there be some type of appeals process, perhaps a subcommittee of the full Board, when loans are turned down.

Mr. Cook said they are concerned about the standards imposed. He said sometimes the standards haven't always fit the various areas of Alaska. He commented on the changing demographics in the State and said there is a need for smaller houses, there is more concern for energy efficiency, and in many areas water holding tanks make more sense from energy and cost standpoints than a well.

Mr. Cook said they are concerned about the 25% maximum on gross income as it relates to the sliding interest concept. He said their concern is that is "too tight". He said the maximum level has not been holding up on the national level for a number of years.

Mr. Cook said they are also concerned about construction loans and whether there is a difference between a presold house and "spec" financing. He suggested these two things need to be looked at differently.

Mr. Cook said they are also concerned about maintaining some type of regional area distribution. There was brief discussion on this. Mr. Cook suggested they look at a distribution based on the activity of the banks, but not a percentage of assets.

Chairman Meekins announced there would be a Subcommittee meeting on the Loan Program tomorrow morning at 8:00 a.m.

The meeting adjourned at 4:35 p.m.

ADJOURN

Tape HFC 80-59 Side 1, #001 to end
 Side 2, #001 to end
 HFC 80-60 Side 1, #001 to 063

5/6/80

DRAFT LETTER OF INTENT CSSB 140/222

An emergency situation exists for the entire Alaskan fish processing industry. The world market for salmon is sagging, and the massive run predicted for Bristol Bay may further depress an already weak marketplace. Further complicating factors are high interest rates and the shortage of capital for salmon harvesting finance loans. Alaskan owned and based smaller processors are most severely impacted by this deepening crisis. One major and several smaller processors have filed bankruptcy reducing the processing capacity in Alaska and threatening to leave many Alaskan fishermen on the beach with no markets.

CSSB 140/222 provide emergency operating loans for Alaskan-owned salmon processors. The Commercial Fisheries and Agriculture Bank (CFAB) will borrow \$12 million from the Department of Revenue and act as the lead agency for the state in providing salmon harvest loans for processors this year. The legislation provides a state guarantee of up to \$40 million to expedite the ability of CFAB to utilize its leveraging capability with the Federal Farm Credit system and commercial banks. This will make a minimum of \$60 million in harvest loans available for this season. The state guarantee and the appropriation for the loan is intended solely for existing companies for operating loans for the 1980 seasons only, and not as a "bail out" for any failing company, nor any previous debts.

The \$15 million appropriation to the Alaska Renewable Resource Corporation (ARRC) is intended to provide capital to be used for situations other than just operating loans that will support the industry for the 1980 season. The ARRC has the flexibility to provide long term financing and other capital needs for Alaskan industry to allow them to operate and take advantage of the situation that exists in the fishing industry this year.

It is the intention of the legislature that ARRC and CFAB work together with commercial banks to the maximum extent possible. Where commercial banks have traditionally served as lead lenders for processors, ARRC and CFAB should participate utilizing the banks as lead lenders to package and service the financing. Financing arrangements should be arranged to maximize the amount of commercial bank financing for each processor.

This \$27 million appropriation will provide a minimum of \$75 million of operating capital to processors this season, and will provide financing capability to only the Alaskan owned processing industry. The entire financing needs of the industry is estimated to be over \$300 million.

WO #8481 OUTLINE

This work draft proposes several changes in the Alaska Housing Finance Corporation. It:

1. Moves the corporation from the Department of Commerce and Economic Development to the Department of Revenue.
2. Changes the board of directors from six public members and one commissioner (Commerce) to four public members and three commissioners (Commerce, Revenue, Administration).
3. Shortens members' terms from three years to one year.
4. Makes members' appointments subject to legislative confirmation.
5. Establishes a loan acceptance committee responsible directly to the board.
6. Places the corporation under the Executive Budget Act.
7. Places the corporation under the Administrative Procedures Act.
8. Specifies the corporation's duties in reporting to the governor, legislature and public.
9. Specifically authorizes the corporation to sell taxable bonds.
10. Removes the corporation's power to finance construction.
11. Removes the commissioner of Revenue's power to loan money to the corporation.
12. Establishes an interest rate reduction account for taxable bond proceeds used for loans.
13. Establishes an interest rate preference for qualifying state veterans.

HOUSE FINANCE COMMITTEE

May 12, 1980

2:35 p.m.

(Tape HFC 80-60, Side 1 #075.)

All Members of the Committee were present except Representatives Meekins, Montgomery, Haugen and Guy.

PRESENT

Vice-Chairman Freeman called the meeting to order. He advised the Subcommittee's working on the Energy Bills are ready to report back to the full Committee with their recommendations.

The first bill to be considered was:

HCSSB 424

HCS SB 424 (new title) - "An Act making appropriations to the Alaska Power Authority for power projects; and providing for an effective date."

Representative Duncan presented the Subcommittee's recommendation as a proposed finance CS for SB 424. He advised that three changes should be made to the draft CS. He said two projects should be added: (32) Skagway Wind Project - \$100,000; and (33) Central - \$200,000. He said there should also be a funding source change: \$15,335,000 general funds and \$38,500,000 other funds.

Representative Moss asked what the breakdown was for the village projects. Representative Duncan said there was none. He explained the money is to allow APA to do studies at all these sites, and they feel that amount is enough to allow them to do the necessary work. There was brief discussion on the bill.

Representative Rogers moved to report out a Finance Committee Substitute for SB 424 incorporating the proposed CS draft, adding the two projects previously mentioned, and amending the first section to state that \$15,750,000 is appropriated from the renewable resources development fund, and \$15,335,000 is appropriated from the general fund to the Alaska Power Authority. There was brief discussion.

Representative Rogers mentioned that Representative Haugen had indicated that \$20 million would be necessary for the Lake Tyee project, and he asked if the \$15 million in the bill would be sufficient. Representative Duncan said he has been assured that \$15 million would take care of Tyee.

There being no objection, HCS SB 424 was reported out with a "do pass" recommendation.

HCSSB 424
REPORTED
OUT

5/12/80

The next bill to be considered was:

CSHJR 68
(Finance)

CSHJR 68 (Finance) - (new title) - "Relating to the Alaska Power Authority and giving approval to incurring revenue bonded indebtedness of specified projects of the Alaska Power Authority."

Representative Rogers explained the Subcommittee combined HJR 75 through HJR 79 with HJR 68, and came in with the proposed Finance CS for HJR 68. He said that several changes should be made to the proposed draft: Page 3, line 9, after "project" add "and the Klawock wood waste project"; page 3, line 10, "delete "feasibility" and insert "reconnaissance"; page 3, line 11, after "project" delete "is" and insert "Klawock wood waste project are potentially"; Page 3, line "14", after "the" insert "Black Bear Lake hydroelectric".

Representative Rogers moved to report out CSHJR 68 (finance) incorporating the above amendments. There being no objection, the Resolution was reported out with a do pass recommendation.

CSHJR 68
(FINANCE)
REPORTED
OUT

The next bill to be considered was:

HCS CSSB 438 (Finance) - (new title) - "An Act relating to energy: to the conservation of energy, the development and use of alternative energy systems, and modifying state and local taxes to encourage energy conservation; exempting certain energy transactions from regulation by the Alaska Public Utilities Commission; establishing a power production cost assistance program for electric utilities; providing for assistance in the acquisition of bulk fuel; and providing for an effective date."

HCS
CSSB 438
(FINANCE)

Representative Rogers explained the proposed Finance CS combines SB 438, the second House Resources CSSB 438, HB 653, HB 758, and HB 967 ("mirror" of HJR 68, but done in statutory form) into one bill. He said there is also a series of 16 amendments the Subcommittee adopted that do not appear in the Bill because of a delay in drafting. In addition to that, Representative Rogers advised he has one additional amendment to be included:

Page 18, line 1, add new (c): "The applicant shall provide the financial institution with an energy audit as defined under 45.89.100 (3), and shall be responsible for the cost of the audit. The applicant shall be eligible for an audit under section 46.11.030."

Representative Rogers advised the draft CS for SB 438 also does not include the Subcommittee's recommendation for CSHB 754 (finance) ("An Act relating to projects of the Alaska Power Authority,

5/12/80

approving the general design and maximum amount of bonds of the Alaska Power Authority for certain power projects, and repealing the water resources revolving loan fund; and providing for an effective date.")

Representative Rogers moved that a finance CS for CSSB 438 be prepared incorporating the Subcommittee's recommendations for SB 438, the Subcommittee's recommendations for HB 754, the 16 amendments approved by the Subcommittee, and the additional amendment read earlier. There being no objection, it was so ordered.

There was brief discussion on the proposed finance CS.

Representative Rogers advised that Milt Barker, Fiscal Analyst, Legislative Finance Division has prepared a fiscal note for the bill in the amount of \$12,943.4. Copies were handed out to Committee members. There was brief discussion on the fiscal note.

Representative Rogers moved to report out HCS CSSB 438 (finance) with the fiscal note. There being no objection, the bill was reported out with a do pass recommendation.

The meeting adjourned a 3:50 p.m.

HCS
CSSB 438
(FINANCE)
REPORTED
OUT w/NEW
FIS. NOTE

ADJOURN

Tape HFC 80-60, Side 1 #075 to end
Side 2 #001 to 514

5/12/80

HOUSE FINANCE COMMITTEE

May 13, 1980

2:58 p.m.

[Tape HFC 80-60, Side 2 #514.]

All members of the Committee were present except Representatives Haugen and McKinnon. Representative Guy arrived later in the meeting. Also present were Representatives Fuller and Chatterton; and Peggy Berck, Judiciary Committee.

PRESENT

Chairman Meekins called the meeting to order. The first bills to be considered were:

HCS SB 374 - (new title) - "An Act establishing a reserve for operating expenses of state government for use only in a specified emergency; and providing for an effective date."

HCSSB 374
HCSSB 375

HCS SB 375 - (new title) - "An Act making a special appropriation to the Department of Revenue for the reserve for emergency operating expenses account; and providing for an effective date."

Chairman Meekins presented proposed finance committee substitutes for these bills, and explained they establish and make an appropriation to the "Rainy Day Account" which Committee members have discussed previously.

Chairman Meekins moved to amend the proposed CS for SB 374 on page 1, lines 14-16, to delete "The unencumbered and unexpended balance of the account lapses into the general fund at the end of each fiscal year." There being no objection, it was so ordered.

Representative Moss moved and asked unanimous consent that HCS SB 374 and HCS SB 375 be reported out. There being no objection, it was so ordered. The bills were reported out with "do pass" recommendations.

HCSSB 374 &
HCSSB 375
REPORTED
OUT

The next bill to be considered was:

CSSB 228 am - "An Act relating to the excise tax on intoxicating liquors; and providing for an effective date."

CSSB 228am

Chairman Meekins said the motion would be to move the bill out of Committee. He advised that he intends to vote "do pass" on the Committee report.

5/13/80

Representative Freeman moved to report CSSB 228 am from Committee. There being no objection, it was so ordered. The bill was reported out with individual recommendations.

CSSB 228am
REPORTED OUT

The next bill to be considered was:

HCS CSSB 260 - (new title) - "An Act relating to taxes: HCS CSSB 260 repealing the school tax and providing for the refund of school tax payments withheld for the 1980 tax year, and exempting the income of nonresident members of flight crews from the Alaska net income tax; and providing for an effective date."

Chairman Meekins explained the bill provides for the repeal of the school tax. He said the controversial part of the bill (exempting income of nonresident members of flight crews from Alaska net income tax) was already discussed by the Committee and reported out of Committee in SB 390.394

Representative Duncan moved to delete section 1 of the HCS. There was brief discussion. Chairman Meekins requested this bill be held one day because the members of the Free Conference Committee on the Budget had to leave to attend a meeting. HCS CSSB 260 was held over.

HCS CSSB 260
HELD

[Representatives Meekins, Duncan and Montgomery left.]

The next bill to be considered was:

HB 629 - "An Act relating to community schools; and providing for an effective date."

HB 629

Vice-Chairman Freeman commented on the original fiscal note. He said that it was determined there was enough money included in the operating budget that, with an additional \$250.0, would allow them to continue at the maintenance level. He advised there is a new fiscal note in the amount of \$250.0. There was brief discussion on the HESS CS and the original bill.

Representative Moss asked if schools that normally would have been out of the program would continue to receive funding. Mr. Crandall advised they would. He said the original bill extends community schools now in existence beyond the forth year. He said the operating budget passed out of the House assumes schools would continue and funds them at the maintenance level. He said the fiscal note provides the additional funds the schools would get per SB 199.

5/13/80

Representative Rogers said he believes the work the HESS Committee did in revising the formula is also important, and he would favor adopting the HESS CS and short funding the formula. There was further discussion.

Representative Rogers moved to report out HB 629 with the new fiscal note. He further moved that a letter be sent to the Rules Committee asking them to consider authorizing changes to the bill within the amount of the fiscal note. There being no objection, it was so ordered. HB 629 was reported out with a "do pass" recommendation.

HB 629
REPORTED OUT
w/NEW FISC.
NOTE & LETTER
TO RULES

[Representative Guy arrived at this time.]

The next bill to be considered was:

HB 983 "An Act relating to parole of offenders; continuing the Board of Parole; and providing for an effective date."

HB 983

Ms. Peggy Berck, Judiciary Committee, explained the Judiciary CS. She advised that after the Bill was reported out of Committee they found several errors in it. She presented three proposed changes to the Judiciary CS.

[Tape change, HFC 80-61, Side 1.]

Vice-Chairman Freeman advised there are two new fiscal notes to the bill, reducing the original fiscal notes.

There was brief discussion on the bill.

Representative Schaeffer moved to report out a Finance CS for HB 983 incorporating the changes recommended by Mr. Berck. He further moved to accept the revised fiscal notes. There being no objection, CSHB 983 (finance) was reported out with individual recommendations.

CSHB 983 (fi
REPORTED OUT

The next bill to be considered was:

HB 254 - "An Act relating to Alaska National Guard Retirement; and providing for an effective date."

HB 254

Representative Fuller explained the way the bill was originally written was very sloppy, and it didn't cover a person who had put twenty years into the National Guard. He explained this bill is to correct that. He requested that an amendment be made to the bill, changing the effective date from July 1, 1979 to July 1, 1980.

5/13/80

Representative Moss asked if the fiscal note was correct. Representative Fuller advised that \$76.8 for FY 81 is the correct fiscal note.

Representative Moss moved to report out a Finance CS for HB 254, changing the effective date, and to correct the fiscal note to show FY 80 as zero. There being no objection, it was so ordered. CSHB 254 was reported out with a do pass recommendation.

CSHB 254
REPORTED OUT

The next bill to be considered was:

SSHB 123 - "An Act relating to assessment of property used in connection with exploration for gas and oil."

SSHB 123

Representative Chatterton said he has appeared before the Committee before on this bill. He briefly explained the bill and presented a proposed amendment to the bill. The amendment would add "and development of" on lines 7, 12 and 14. There was discussion on the bill.

Representative Moss moved to report out a Finance CS for SSHB 123 incorporating the amendment requested by Representative Chatterton. Representative Rogers advised that he does not support the bill. The question was called for: 4 in favor, 3 opposed. SSHB 123 (finance) was reported out of Committee with individual recommendations.

CSSSHB 123(fin)
REPORTED OUT

The next bill to be considered was:

HB 945 - "An Act relating to interest rates on general obligation bonds; and providing for an effective date."

HB 945

Representative Rogers commented on what has happened to bonds on the municipal level and said the same thing could happen to State general obligation bonds. He said this bill should move out of Committee along with the Bond package, or we might not have a bond package.

Representative Rogers moved to report HB 945 out of Committee. There being no objection, it was so ordered. HB 945 was reported out with a do pass recommendation.

HB 945
REPORTED OUT

The meeting adjourned at 4:00 p.m.

ADJOURN

Tape HFC 80-60, Side 2, #514 to end
HFC 80-61, Side 1 #001 to 707

5/13/80

HOUSE FINANCE COMMITTEE

May 14, 1980

1:50 p.m.

[Tape HFC 80-61, Side 1 #707.]

All members of the Committee were present except Representative PRESENT Haugen. Also present: George Elgee, Director, General Services and Supply; Dennis Kelso, Consultant on Alcoholism; Allan Bailey, Anchorage Municipal Prosecutor; and John Crandall, A.A. to Representative Meekins.

Chairman Meekins called the meeting to order. The first bill to be considered was:

HCS CSSB 114 (Finance) - (new title) - "An Act relating to competitive bidding under the Fiscal Procedures Act."

HCSCSSB 114
(Finance)

Mr. Crandall, A.A. to Representative Meekins, explained this bill is essentially the same as HB 155 which was passed by the Committee last year. He said there are two changes to that bill which were recommended by the Department. He briefly explained the changes.

Chairman Meekins advised the fiscal note on this bill is zero.

Representative Rogers moved to report the bill out of Committee. There being no objection, it was so ordered. HCS CSSB 114 (fin) was reported out with a do pass recommendation.

HCSCSSB 114
REPORTED
OUT

The next bill to be considered was:

HCS CSSB 260 - (new title) - "An Act relating to taxes: repealing the school tax and providing for the refund of school tax payments withheld for the 1980 tax year, and exempting the income of nonresident members of flight crews from the Alaska net income tax; and providing for an effective date."

HCSCSSB 260

Representative Duncan moved to report HCS CSSB 260 from Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

HCSCSSB 260
REPORTED
OUT

The next bill to be considered was:

HCS CSSB 396 - (new title) - "An Act relating to operating or driving a motor vehicle while under the influence of intoxicating liquor."

HCSCSSB 396

5/14/80

Mr. Dennis Kelso explained the bill adds another condition for arrest for drunk driving and provides for the measurement of alcohol in the blood.

Chairman Meekins commented that current statute is being circumvented because of a Supreme Court ruling that the refusal to submit to an alcohol test cannot be submitted as evidence in Court. He commented that the way to get out of a drunk driving charge is to refuse to take the breathalyzer test. There was discussion.

[Tape change, HFC 80-61, Side 2.]

Mr. Kelso explained how the breathalyzer test works. There was further discussion.

Representative Moss moved that HCS CSSB 396 be reported out of Committee. There being no objection, it was so ordered. The bill was reported out with individual recommendations.

HCSCSSB 396
REPORTED OUT

The next bill to be considered was:

SB 15 am (eff. date am) - "An Act increasing the Alaska longevity bonus; and providing for an effective date."

SB 15 am

Representative Rogers moved to amend SB 15 to include the provisions in HB 15 ("An Act relating to the Alaska longevity bonus."). Representative Freeman objected. There was discussion. Representative Rogers withdrew his motion.

Representative Rogers moved to report SB 15 am (eff. date am) out of Committee with a letter to the Rules Committee asking them to consider combining the bills (SB 15 and HB 15). There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

SB 15 am
REPORTED OUT

[Representatives Meekins, Duncan and Montgomery left at this time.]

The next bill to be considered was:

CSSSHB 800 (finance) - (new title) - "An Act relating to oil and gas leases and their unitization, to oil and gas conservation, and to reports of oil and gas under state lease; and providing for an effective date."

CSSSHB 800
(Finance)

Representative McKinnon explained the proposed CS incorporates amendments agreed on by Representative Chatterton and himself. He said that most of the amendments are based on comments from the industry (i.e., Arco and Exxon). He briefly explained the bill and the changes to the bill.

5/14/80

Representative Rogers questioned the fiscal note. Representative McKinnon said it is the same as the one for the original bill.

Representative McKinnon moved to report out the Finance CS for SSHB 800. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

CSSSHB 800
(finan
REPORT
OUT

The next bill to be considered was:

CSHB 691 - (new title) - "An Act providing for the issuance of general obligation bonds in the amount of \$4,218,800 for the purpose of paying the cost of capital improvements for fisheries resources protection facilities; and providing for an effective date."

CSHB 691

Representative Rogers explained the Resources CS. He commented that this is an Administration priority.

Representative Rogers moved to report out the Resources CS for HB 691. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

CSHB 691
REPORTED
OUT

The next bill to be considered was:

HB 560 - "An Act providing for the issuance of general obligation bonds in the amount of \$18,100,000 for the purpose of paying the cost of energy conservation, code upgrade, and architectural barrier removal for state facilities; and providing for an effective date."

HB 560

Representative Rogers briefly explained the bill. He moved to report HB 560 out of committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

HB 560
REPORTED
OUT

The next bill to be considered was:

CSHB 689 (Finance) - (new title) - "An Act providing for the issuance of general obligation bonds in the amount of \$38,000,000 for the purpose of paying the cost of capital improvements for water and sewer systems, solid waste facilities and village safe water facilities; and providing for an effective date."

CSHB 689
(Finance)

Representative Rogers briefly explained the Finance CS and said this bill anticipates the bill for solid waste would also pass.

5/14/80

Representative Rogers moved to report the Finance CS for HB 689 CSHB 689 out of Committee. There being no objection, it was so ordered. (finance) The bill was reported out with a do pass recommendation. (Secre-REPORTED tary's note: After adjournment of the meeting, a technical errorOUT was found in the draft of CSHB 689 (finance) -- the villages of Ruby and Copper Center were inadvertently left off the draft -- the correction was made and a new Committee Report was signed.)

Representative Rogers advised the subcommittee is working on four other bond issues. He said these should be ready for the committee's review by the end of this week.

The meeting adjourned at 2:30 p.m.

ADJOURN

Tape HFC 80-61, Side 1, #707 to end
Side 2, #001 to 651

5/14/80

HOUSE FINANCE COMMITTEE

May 15, 1980

1:50 p.m.

[Tape HFC 80-61, Side 2 #550.]

All Members of the Committee were in attendance except Representative Haugen. Representative Duncan arrived later in the PRESENT meeting. Also present were Representatives Gardiner, Phillips, Hayes and Miles; Senator Mulcahy; Ken Vassar, Legislative Attorney; Eric Wohlforth, Bond Council, AHFC; Bert Wagnon, Department of Commerce and Economic Development; Sterling Gallagher; Jamie Love, AkPIRG; Dr. Beldon Daniels; Berkley Aida, Alaska Veterans; Doug Bisby, Beneficial Finance; and Mike Doogan, A.A. to Rep. Meekins.

Chairman Meekins called the meeting to order. The following bill was brought up for consideration:

HCS CSSSSB 1 - (new title) - "An Act relating to state HCS CSSSSB 1 loan programs, state mortgage programs, and state revenue bonding programs; and providing for an effective date.

Chairman Meekins presented copies of the proposed bill and a synopsis of that bill. He explained the bill is a draft which has not been approved by either the Finance Committee or the Loan Subcommittee. He said the draft is subject to change.

Chairman Meekins requested that Mr. Doogan explain what is included in the bill. Mr. Doogan presented a synopsis of the bill (see attachment). There was discussion.

[Tape change HFC 80-62, Side 1.]

[Representative Duncan arrived at this time.]

Tape HFC 80-62, Side 1
#112

Gardiner comments on "targeted" loan program in the fishing area. He said the bill proposes that AIDA expand their market for the business loan program.

#175

Page 24, line 13 -- Doogan advised that Wohlforth has recommended adding language for refunding bonds and include an effective date of July 1, 1981. Rogers moved anyplace in the bill that has this limitation include that language. No objection.

5/15/80

#289

Doogan continued explanation of bill. Rogers moved to amend the bill to add the mining loan program within AIDA. (see attached amendment.) No objection to amendment.

#455

Doogan continued explanation of bill.

A recess was called at 2:30 p.m. and Chairman Meekins recalled the meeting to order at 2:55 p.m.

#563

Doogan presented information of estimated fiscal impact of bill. \$300,000 estimated general fund operating costs for "starting up".

#725

Rep. Hayes testimony. Recommended interest rate be 9 1/2% conventional. Discussion on interest rate. He recommended eliminating a loan limit.

Tape Change 80-62, Side 2

#001

Committee members response to Hayes testimony. Discussion. Wohlforth indicated there may be technical problems with 10 1/2% interest rate (arbitrage).

#410

Berkley Aida, Alaska Veterans testimony on bill. Said program they have been working under appears to be most equitable. He recommended including in the bill language giving the Board the option of lowering the rate if the prime rate falls below 10 1/2%.

Chairman Meekins said that members of the Free Conference Committee on the Budget had to leave at this time. He said further testimony on the bill would be scheduled for 5:30 p.m. HCS CSSSSB 1 was held over until that time.

[Representatives Meekins, Montgomery and Duncan left at this time.]

HCS CSSSSB 1
HELD OVER

5/15/80

The next bill to be considered was:

CSHB 990

CSHB 990 - "An Act amending the Alaska Small Loans Act; and providing for an effective date."

Representative McKinnon advised the proposed finance CS is the same as a comparable bill going through the Senate at this time.

Mr. Doug Bisby, Beneficial Finance, explained the bill would allow them to make loans of up to \$25,000. He said the bill would also establish an interest rate of 18% per annum, or 8 points above the federal prime rate.

Representative McKinnon moved to report CSHB 990 from Committee. There being no objection, it was so ordered. The bill was reported out with a "do pass" recommendation.

CSHB 990
REPORTED
OUT

The next bill to be considered was:

HCS CSSB 315 - (new title) - "An Act relating to the investment of state funds; and providing for an effective date."

HCS CSSB 315

Representative Rogers advised the draft incorporates the language approved by the Committee in HB 208 except it does not include the provision for investing up to 15% of the pension fund in gold.

Representative Rogers moved to amend HCS CSSB 315 to include the following language:

On page 5, line 3 and page 12, line 27: After "fund" delete ".", and insert ";

(25) gold bullion if it is registered with a nationally recognized dealer and is certified as to fineness of at least 99.5 percent; however, investments under this paragraph may not exceed 15 percent of the total investments of the retirement fund."

Vice-Chairman Freeman objected. The question was called for. Four in favor (Smith, Rogers, Moss and Guy), three opposed (McKinnon, Freeman and Schaeffer). The motion carried.

Representative Moss moved to incorporate the above amendment into HCS CSSB 315 and to report the bill out of Committee. There being no objection, it was so ordered. The bill was reported out with individual recommendations.

HCS CSSB 315
REPORTED OUT

5/15/80

The next bill to be considered was:

CSHB 978 - "An Act relating to the regulation of the practice of hair design and cosmetology; terminating the existence of the Board of Barber Examiners and the Board of Hairdressing and Beauty Culture Examiners; establishing the Board of Barbers and Hairdressers; and providing for an effective date."

CSHB 978

Vice-Chairman Freeman commented the fiscal note on this bill is zero. Representative Rogers moved that the Commerce CS for HB 978 be reported out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

CSHB 978
REPORTED
OUT

The next bill to be considered was:

SB 575 am - "An Act authorizing the issuance and sale of an additional \$15,987,000 in revenue bonds for international airports; and providing for an effective date."

SB 575 am

Representative Rogers briefly explained the bill. He moved to report the bill out of Committee. There being no objection, it was so ordered. SB 575 am was reported out with a do pass recommendation.

SB 575 am
REPORTED
OUT

The meeting recessed at 3:50 p.m.

ADJOURN

Tape HFC 80-61, Side 2 #550 to end
HFC 80-62, Side 1 #001 to end
HFC 80-62, Side 2 #001 to 716

5/15/80



Alaska State Legislature

House of Representatives

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

May 15, 1980

MEMO TO: Representative Terry Gardiner
Speaker of the House

Senator Clem Tillion
President of the Senate

FROM: Representative Russ Meekins
Chairman, House Finance Committee

SUBJECT: Proposed Loan Package

At your request I have prepared the following explanation of my proposed loan package.

The proposed loan package now before the House Finance Committee does the following:

Housing: Provides for \$500 million in housing loans at 10.5 percent (9.5 percent for veterans) through the Alaska Housing Finance Corporation. The cost to the state of these loans is \$125 million cash and \$215 million in illiquid assets having an annual cash flow of approximately \$21 million. The bill also provides for the continuation of AHFC's rural housing and mobile home programs.

In addition, the bill restructures the AHFC board (to three commissioners and two public members) and subjects the corporation to several legislative oversight procedures including the Executive Budget Act.

Business: Moves the small business, tourism and commercial fishing loan programs to the Alaska Industrial Development Authority beginning in FY 1982. The start up cost during the FY 1981 transition period is approximately \$300 thousand. It is assumed that during the transition period these loan programs will continue to operate through the Department of Commerce at an approximate cost of \$100 million.

In addition, the bill restructures the AIDA board (to three commissioners and two public members) and subjects the authority to several legislative oversight procedures including the Executive Budget Act.

Bonding Authorities: Increases legislative oversight over the Alaska State Housing Authority, regional housing authorities and the Alaska Municipal Bond Bank Authority to

Attachment #1

- 925-

5/19/80

the same extent as ARFC and AIDA. The bill also repeals the Alaska State Development Corporation, the Alaska Toll Bridge Authority and the Small Business Development Corporation and transfers their assets and liabilities to AIDA.

Non-Conforming Loans: Establishes a non-conforming housing loan fund in the Department of Community and Regional Affairs to make loans in areas where there are title and fire/hazard insurance problems and areas where unconventional construction techniques are used. The approximate cost of this program is \$10 million.

Fishing Loans: Amends the commercial fishing statutes to allow loans for permits, boats or gear for those with experience in the fishery but without conventional credit credentials. The approximate cost of this program is \$10 million.

the same extent as AHFC and AIDA. The bill also repeals the Alaska State Development Corporation, the Alaska Toll Bridge Authority and the Small Business Development Corporation and transfers their assets and liabilities to AIDA.

Non-Conforming Loans: Establishes a non-conforming housing loan fund in the Department of Community and Regional Affairs to make loans in areas where there are title and fire/hazard insurance problems and areas where unconventional construction techniques are used. The approximate cost of this program is \$10 million.

Fishing Loans: Amends the commercial fishing statutes to allow loans for permits, boats or gear for those with experience in the fishery but without conventional credit credentials. The approximate cost of this program is \$10 million.

Rogers

AMENDMENT TO HCS-CS-SS-SB-1 (Finance)

page 29, line 8, 13, 23 after "tourism," add "mining,"

page 30, line 3, 16 after "tourism," add "mining,"

page 31, line 25 after "tourism," add "mining,"

page 32, line 23 after "tourism," add "mining,"

page 36, line 9+2 after "tourism," add "mining,"

page 40 line 11 after "TOURISM," add "MINING," ^{line 29 after "tourism enterprise"}
line 23+²⁰ after "tourism," add "mining," ^{insert "mining enterprise,"}
line 15 after enterprises,
insert "mining enterprises,"

page 41, after line 4 add

(D) \$1,000,000 if the loan is made to a mining enterprise;
line 22 & 27 after "tourism," add "mining,"

page 42, line 2 after "tourism," add "mining,"

page 45, line 1 before "and commercial" add "mining enterprise,"
after "(13)," delete "and"
line 2 after "(14)" insert ", and (15)"

page 46, after line 21 insert

(15) "mining enterprise" means a business enterprise
which is directly involved in the mining industry.

HOUSE FINANCE COMMITTEE

May 15, 1980

5:45 p.m.

[Tape HFC 80-62, Side 2, #716.]

All members of the Committee were present except Representatives Haugen and Duncan. Also present: Representatives Malone, Cotten, Gardiner and Phillips; Jamie Love,, AkPIRG; Dr. Beldon Daniels; Eric Wohlforth, Bond Council, AHFC, Bert Wagno, Department of Commerce and Economic Development; Sterling Gallagher; and Mike Doogan, A.A. to Rep. Meekins.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would receive testimony on the following bill:

HCS CSSSSB 1 - (new title) - An Act relating to state loan programs, state mortgage programs, and state revenue bonding programs; and providing for an effective date."

HCS CSSS-
SB 1
TESTIMONY

HFC 80-62, Side 2

#720

Jamie Love, AkPIRG, presented copies of additions they would like to see in the bill (insider loans and review of lending practices). [See attachment #1.] He explained the additions and there was discussion.

HFC 80-63, Side 1

#001

Ken Vassar, Legislative Attorney, commented on single subject rule. Discussion. Meekins suggested Love prepare language so single subject rule would not be violated.

#140

Rep. Malone testimony. Recommended extending length of AHFC board members' terms; recommended adopting language providing that members would be subject to confirmation by the Legislature upon ratification of a constitutional amendment by the voters allowing boards to come under confirmation power by law.

#255

Discussion on one year term and confirmation of Board members.

#409

Rep. Malone continued testimony. Suggested language on preference rights be checked (page 19, line 4 & 5 of draft). Discussion.

5/15/80

#478

Rep. Malone comments on Page 20 section (c). He suggested this section might be announcing to the federal government that tax exempt bonds are not necessary to finance state housing loans. Regarding section (d) Rep. Malone suggested that if they are going to provide a subsidy to borrowers over and above what is available through tax exempt financing, they should take the approach that the subsidy be apportioned on the basis of need. There was discussion.

#610

Rep. Malone commented on the allocation (p. 23). Recommended taking into account not only past demand but future potential demand for loans. Rep. Rogers presented proposed language "taking into consideration past demand and future potential demand for housing loans made by each financial institution". Further discussion. Rep. Malone recommended the Executive Budget Act requirement be removed from the legislation.

#730

Rep. Malone commented on electrical energy provisions (p. 29, l. 16). Discussion. Rep. Rogers recommended on pages 29, 30 and 44 to delete "electric energy or".

#808

Rep. Malone commented on p. 40-41. He suggested committee might want to consider giving small businesses the same option they gave fishermen--pooling. Discussion.

HFC 80-63, Side 2

001

Further discussion on small business loans. Chairman Meekins said the Small Business Loan figure should be \$1 million, not \$500,000.

#185

Rep. Malone suggested the name in the draft be changed from Nonconforming Housing Loans to Division of Housing Assistance.

#216

Discussion on Fire Insurance Fund.

#361

Rep. Malone suggested that p. 55, sec. 59 include language to the effect that "the director shall include in the studies the modification or improvements for the adaptation of mobile homes to arctic, subarctic and rural areas. Discussion.

5/15/80

#434

Rep. Malone commented on interest rate. He concurred with the 10 1/2% rate, but suggested it should be allowed to drop lower if the prime rate drops.

#490

Rep. Guy questioned pages 18-19 -- collateral for loans.

#519

Dr. Daniels commented on the bill. He will be providing language to make technical changes to the bill. He commented on inflation, interest rates, the bond market and subsidizing mortgages.

HFC 80-65, Side 1

#001

Discussion between Malone and Daniels.

#131

Eric Wohlforth, bond counsel, AHFC, testimony on the bill. Recommended that confirmation of AHFC board members to subject to passage of the constitutional amendment. Discussion on how legislative approval of board members' effects the bond market.

#346

Wohlforth comments on one year term of office for board members. Suggested this may have a negative effect on the lending industry. Discussion on board members.

#481

Wohlforth comments on p. 20, l. 13 regarding the rate of interest. He will present proposed amendment so the corporation can borrow money at tax exempt rates below what is currently anticipated. Comments on arbitrage. He suggested that the language on p. 26, l. 20 should be strengthened. Discussion.

#623

Wohlforth suggested on p. 17 that the Commissioner of Revenue be changed back to the Commissioner of Commerce & Economic Development. Discussion. He suggested on p. 23, l. 22 language be added "and sold to the corporation by a private financial institution during the preceding six month period". Discussion on Wohlforth's suggestions.

#830

Wohlforth requested the effective date for AHFC be changed.

5/15/80

HFC 80-65, Side 2

- #001 Wohlforth recommended retaining AS 18.56.010.
He explained. Discussion.
- #100 Wohlforth recommended including language
on p. 40, l. 16 "or if the authority determines
should not be financed". He explained. On
p. 44, l. 6, Wohlforth said there is some
question on whether or not cooperatives would
come under that definition. Discussion.
- #235 Sterling Gallagher testimony. He advised
the U.S. Senate Finance Committee has passed
a Resolution stating they will not support
retroactive legislation (Ullman bill). Dis-
cussion on how this effects the bond market.
- #313 Gallagher comments on bill. They find one
year term for AHFC objectionable. Suggested
they should not legislate the allocation.
Suggested the regional housing authorities
not be under the Executive Budget Act.
Discussion.

Chairman Meekins requested that all amendments to the Draft of
SB 1 be given to his staff in writing by 9:00 a.m. tomorrow
morning.

The meeting adjourned at 8:35 p.m.

ADJOURN

Tape HFC 80-62, Side 2 #716 to end
HFC 80-63, Side 1 #001 to end
HFC 80-63, Side 2 #001 to end
HFC 80-64, Side 1 #001 to end
HFC 80-64, Side 2 #001 to 518

5/15/80

Insider Loans

Each financial institution managing, participating, or offering loans which are directly or indirectly financed by the state of Alaska shall provide a report detailing all loans over \$10,000 made by the institution during the previous year to or consigned or guaranteed by:

(1) an officer, employee or director of the institution or a member of the immediate family of an officer, employee or director of the institution, or

(2) a corporation, partnership or other organization more than ten percent of which is owned in the aggregate by persons referred to in (1) of this subsection, or

(3) any organization or individual defined as an insider for purposes of reporting by the F.D.I.C., the Comptroller of the Currency, or the Federal Home Loan Bank Board.

(b) The institution shall report under this section loans acquired by the institution which, if initially made by the institution, would be required to be reported under (a) of this section.

(c) Reports under (a) and (b) of this section will include the following information:

(1) the name of the insider

(2) the insider's position or relationship that causes such

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(1) an officer, employee or director of the institution or a member of the immediate family of an officer, employee or director of the institution, or

(2) a corporation, partnership or other organization more than ten percent of which is owned in the aggregate by persons referred to in (1) of this subsection, or

(3) any organization or individual defined as an insider for purposes of reporting by the F.D.I.C., the Comptroller of the Currency, or the Federal Home Loan Bank Board.

(b) The institution shall report under this section loans acquired by the institution which, if initially made by the institution, would be required to be reported under (a) of this section.

(c) Reports under (a) and (b) of this section will include the following information:

- (1) the name of the insider
- (2) the insider's position or relationship that causes such person to be considered an insider,
- (3) the date on which the transaction was approved by the institution's board of directors
- (4) the amount of each loan made to an insider
- (5) the terms of each loan, including the interest rate, and the security used to obtain the loan
- (6) the purposes for which the loan was obtained
- (7) whether the insider loan is in default of its interest or principal payments
- (8) the current balance of each loan.

Jamie Love

The Commissioner (Department of Revenue) shall adopt regulations which provide for an annual review of lending practices of each Alaska financial institution receiving state of alaska funds, either through direct deposits, or through selling securities to the state, or by managing, participating in, or offerings state loan programs. Such review will provide for local communities to examine the lending record of institutions managing public funds, and to express to the Commissioner a statement of the local community credit needs. The Commissioner shall consider this input from local communities in determining the eligibility of each institution for receiving additional public funds.

HOUSE FINANCE COMMITTEE

May 16, 1980

1:50 p.m.

All members of the Committee were present except Representatives Haugen and Duncan. Also present were Representatives Hayes, Phillips, Cotten, Gardiner and Malone; Eric Wohlforth, Bond PRESENT Council, AHFC, Bert Wagnon, Department of Commerce and Economic Development; Sterling Gallagher; Ken Vassar, Legislative Attorney; Jamie Love, AkPIRG, Dr. Beldon Daniels; and Mike Doogan, A.A. to Rep. Meekins.

Chairman Meekins called the meeting to order. He said the purpose of the meeting was to receive amendments to the draft for:

HCS CSSSSB 1
AMENDMENTS

HCS CSSSSB 1 - (new title) - "An Act relating to state loan programs, state mortgage programs, and state revenue bonding programs; and providing for an effective date."

See attached list of amendments accepted.

Tape HFC 80-64, Side 2, #519
to HFC 80-66, Side 2, end

Discussion on amendments.

HFC 80-67, Side 1 #001-#396

Dan Moteley testimony on need for state loan program similar to Farmers Home Administration program for low/moderate income people.

A recess was called at 6:00 p.m. and Chairman Meekins recalled the meeting to order at 6:30 p.m.

RECESS

HFC 80-67, Side 1 #396 to
HFC 80-67, Side 2 #426

Further discussion on amendments.

The meeting adjourned at 7:20 p.m.

ADJOURN

HFC 80-64, Side 2 #519 to end
HFC 80-65, Side 1 #001 to end
HFC 80-65, Side 2 #001 to end
HFC 80-66, Side 1 #001 to end
HFC 80-66, Side 2 #001 to end
HFC 80-67, Side 1 #001 to end
HFC 80-68, Side 2 #001 to 426

5/16/80

Becky

21, 110 :

OK

To: HCS GS SSSB 1

AS 16.10.333(f) In determining whether an individual commercial fisherman is reasonably likely to be able to repay the loan under this section, the commissioner shall take into consideration the individual commercial fisherman's income from commercial fishing and from all other sources.

from all other sources.

London

- * Section 1. AS 16.10.510(5) is amended to read:

(5) establish amortization plans for repayment of loans, not to exceed 30 [25] years;

- * Section 2. AS 16.10.520(a) is amended to read:

(a) a single fisheries enhancement loan may not exceed [\$3,000,000] \$6,000,000 for a hatchery ^{or other enhancement and} ~~constructed,~~ ^{rehabilitation activity} under a permit granted to a qualified regional association which has formed a nonprofit corporation, ~~or a local~~ ~~nonprofit corporation,~~ or to a local nonprofit corporation approved by a qualified regional association. A loan for any other nonprofit hatchery corporation project may not exceed [\$ 300,000] \$1,000,000.

- * Section 3. AS 16.10.520(b) is amended to read:

(b) Loans for the total project costs may be made if the commissioner determines that the applicant has sufficient financial resources to insure the establishment of an equity position in the project equal to 10 percent of the loan within 10 [SIX] years or less, either through a royalty assessment levied under AS 16.10.530 or AS 16.10.540 or other means approved by the commissioner. For purposes of this subsection, "total project costs" includes planning and construction costs for the facility and the cost of operations for not more than the first 10 [SIX] years. The costs for operations shall be loaned on an annual basis.

- Gardner*
- * Section 4. AS 16.10.520 is amended by adding a new subsection to read:

(f) The commissioner may not require the repayment of principal on a fisheries enhancement loan for the initial period of the loan. The initial period determined by the commissioner may not be less than six years or more than 10 years. Interest on the principal may not accrue during the initial period.

- * Section 5. Section 4 of this Act also applies to loans made under AS 16.10.510 before July 1, 1980.

Introduced: 2/18/80
Referred: Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 777

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries enhancement."

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

8 * Section 1. AS 16.10.500 is amended to read:

9 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
10 state, under AS 16.10.500 - 16.10.550, to promote the enhancement of the
11 state's fisheries by means of grants for organizational and planning
12 purposes to regional associations described in AS 16.10.510 which have
13 qualified under AS 16.10.380, and by means of long-term, low interest
14 loans for hatchery planning, construction, and operation and for plan-
15 ning and implementation of enhancement and rehabilitation activities
16 including, but not limited to, lake fertilization and habitat improve-
17 ment.

18 * Sec. 2. AS 16.10.510 is amended by adding a new paragraph to read:

19 (10) make loans to qualified regional associations which have
20 formed a nonprofit corporation or to local nonprofit corporations ap-
21 proved by qualified regional associations for planning and implementa-
22 tion of fisheries enhancement and rehabilitation activities including,
23 but not limited to, lake fertilization and habitat improvement.
24
25
26
27
28
29

ADD

(Vassar)

Amendment # _____ Page 3, line 12. Before the word
"vessel" insert "fishing". Make same
change throughout as necessary.

OK

PAGE 23:

LINE 22: Add at end of sentence: "and sold to the Corporation by the private financial institution during the preceeding six-month period."

LINE 24: After "each" insert "beginning" ^{year} "in 1981." OK

Page ~~24~~ ⁷

line ~~24~~ ²⁵

Corporation may not
issue bonds ~~having~~ during
any 12-month period
beginning ~~on and~~
after ~~July 1, 1981~~ June 30, 81
unless the

other than
refunding
bonds

OK

P. 7 = L. 25
OK

P. 7. L. 25

CORRECTION

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

from Gardner

Page 3 line 15

change 'and' to 'or'

OK

Page 3 line 7 insert

BR - 1 - 6 - sund 9/1

(c) In the event of a default on a loan purchased by the commissioner under AS 16.10.670(a) which is secured by a limited entry permit, the commissioner shall follow the procedures described in AS 16.10.335 through AS 16.10.337.

Page 3 line 5

after 'financial institutions' add 'or ^{Commercial} ~~Alaska~~ Fisheries and Agriculture Bank'

BR 9 4 1 1 : JS ad.

OK

PM

PAGE 23:

LINE 22: Add at end of sentence: "and sold to the Corporation by the private financial institution during the preceeding six-month period."

LINE 24: After "each" insert "beginning" ⁱⁿ "in 1981." OK
~~year~~

Page ⁷ ~~24~~
line ~~24~~ 25

Corporation may not
issue bonds ~~having~~ during
any 12-month period
beginning ~~on and~~
after ~~July 1, 1981~~ June 30, 81
unless the

few
other than
~~refunding~~
bonds

OK

OK
P. 7 = L. 25
OK

P. 7. L. 25

Continued

AHFC 5/16/80

HCS CSSSSB 1

HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SS SB 1

PAGE 9:

LINE 18: Delete "creation", insert "continuance"

BR - L/M - 1 - 1

Commerce

HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SS SB 1

PAGE 10:

~~LINE 8:~~
no

Delete "two members" and replace with
"four members". *B. Wagner / on 1/1/80*

LINE 13:

Add a new sentence:

"Members shall only be subject to
confirmation upon passage of an
amendment to the Alaska Constitution
permitting the Legislature to require
submission of such members for confir-
mation."

Hold

LINE 14:

Delete "one-year" and replace with "^{two}~~three~~
year". *RM on two years. - 1*
or stagger terms

LINE 15:

Add a sentence:

"One of the non-ex-officio members first
appointed shall serve for one year, one
shall serve for two years, ~~and two shall~~
serve for three years."

[Handwritten scribbles and signatures]

Malone Amendment

Page 10, Section 5, Corporation Governing Body - delete (a) and (b) and insert:

(a) The corporation shall be governed by a board of directors consisting of three ~~commissioners~~ ^{of} principal departments of state government, ~~or their designees~~, and two members, appointed by the governor.

(b) The appointment or reappointment of members to the board, including ~~ex-officio~~ ^{commissioners who are} members, ~~or their designees~~, is subject to confirmation by a majority vote of the members of the legislature in joint session. If the legislature fails to confirm the appointment of ~~an ex-officio~~ ^{commissioner as a} member, the governor shall appoint another ~~ex-officio~~ ^{commissioner as a} member who shall be subject to confirmation. This subsection shall take effect on the effective date of an amendment to the Constitution which provides for confirmation of state officials other than heads of principal departments and quasi-judicial boards.

Add existing law on designees to (b).

Legal to check if effective date clause should be here, or moved to eff. date part of bill

Entire Section also to be added to AIDA, page 30 - 945- 5/16/80

5/16/80

HCS CSSSSB 1

Commece

PAGE 11:

LINE 21:

At end of line : at its request

*u s -
m*

5/16/80

PAGE 12:

LINES 3-5 Remove brackets and at end of line add:
"and for its other corporate purposes."

PAGE 15:

LINE 24: Delete "board of directors" and replace
with "corporation".

Wagner @ Rev. P. 1 - 1
dr -

PAGE 17:

LINES 22, 26, and 29:

Restore "Commissioner of Commerce
and Economic Development."

gen. A → E & E. functions
4 M.
→ G
am

Comment

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

(c) A mortgage loan purchased by the corporation as part of its special mortgage purchase program may be insured by the housing insurance fund. Any such mortgage loan on a mobile home or residence located in a remote, underdeveloped, blighted or rural area of the state may also be insured (i) against hazard loss by the rural housing hazard insurance fund when hazard insurance from the other sources satisfactory to private mortgage lenders is not, in the opinion of the corporation, available on reasonable terms, and (ii) against title defect by the rural housing title insurance fund when title insurance from other sources satisfactory to private mortgage lenders is not, in the opinion of the corporation, available on reasonable terms. The endorsement of the corporation on the mortgage that it is insured by any fund under this section at the time of purchase or acquisition of the mortgage loan is conclusive

PAGE 18:

LINES 6,20: Restore "Commissioner of Commerce
and Economic Development."

BEFORE SEC. 17, insert a new section:

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

Continued

fund requirement for each fund or account shall be calculated as the percentage which the corporation determines is actuarially sound for operation of the fund or account.

(e) When the corporation determines what is actuarially sound with respect to the operation of each fund or account in a fund, it shall consider means of providing sufficient revenues for the operation of the fund or account, without regard to amounts which may have been or may, after the date of determination of actuarial soundness, be appropriated under (f) of this section and it shall consider factors which must include without limitation (i) as to the mortgages insured by the housing insurance fund, or an account of the housing insurance fund, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the fund, and any other appropriate factors:

Commence

estimates of earnings and income of amounts on deposit in the fund or the account, and any other appropriate factors.

(f) On December 1 of each year the corporation shall ascertain the amount of deposit in each fund and in each account of each fund. If the amount in any fund or account is less than the fund requirement for the fund or account, the corporation shall, no later than January 2 of the following year, certify in writing to the governor and to the legislature, the amount, if any, required to restore that fund or account to the fund requirement. The legislature may appropriate the amount and the corporation shall deposit in the fund or account all amounts appropriated during the then current state fiscal year. Nothing in this subsection creates a debt or liability of the state.

Schaeffer amendment:

Page 19, line 8: Delete "village", insert "native"

Page 19, line 10: After "1626)" add: "as amended by Public

Law 94-204-895.401.11.45

Commerce

PAGE 20:

LINE 8: Delete "money" and insert:
"mortgages loans purchased
with amounts"

LINE 23: Add at end of line:
"or such lesser rate of interest
as may be necessary in connection
with the issuance of bonds of the
corporation the interest on which is
exempt from federal income taxation."

LINE 26: Delete: "relating to the assumption"
and insert: "allowing, prohibiting ,
or otherwise setting conditions on the
right to assume."

LINE 26:
no Delete "shall" and insert "may"

BR { } > - ✓ ag:

gr, wehlferth
Ed.

McKinnon - y. ~ 2-

Page 22 lines 24-26

(2) The widow or widower of [a person who was dependent on] a member of the armed forces or an eligible veteran [at the time of the member's or veteran's death] if

Page 23 line 9

delete sub-section (b)

P. 23 - L. 18-22 Delete + add

" taking into consideration
loan activity in the past,
future potential loan
activity for the financial
institutions, + regional
needs.

PAGE 23:

LINE 22: Add at end of sentence: "and sold to the Corporation by the private financial institution during the preceeding six-month period."

LINE 24: After "~~each~~" insert "beginning ^ein 1981." OK
_{year}

Page 24

line 14

Corporation may not
issue bonds ~~having~~
during
any 12-month period
beginning ~~on and~~
after ~~July 1, 1981~~ June 30, 81
unless the

BEW:
other than
refunding
bonds

OK

2 (T) (G)
P. 7 = L. 25
OK

ok

same language

P. 7. L. 25

PAGE 28:

LINES 3,4: The bond bank authority may
not issue revenue bonds, except
refunding bonds, during any 12
month period beginning ~~on and after~~ *after* June 30
~~July 1, 1981,~~
unless the legislature, by law,
approves the estimate.

~ Jan

Gallagher

PAGE 26

LINES 5-29

DELETE

OK

Delete all provisions putting in model EBA

Amendment deletes need for Regional Housing Authority to come under Executive Budget Act and legislative review for selling debt

per - P 27. L. 1
RM - n per Sec. 26
2 3 or -
U EBA -
per 10-13
27
RM - n per 42
P 26 - L. 27

RM - n 1 - n Exempt RHA 2 EBA

APPENDIX TO HCS-CS-SS-SB-1 (Finance)

page 29, line 8, 13, 23 after "tourism," add "mining,"

page 30, line 3, 16 after "tourism," add "mining,"

page 31, line 25 after "tourism," add "mining,"

page 32, line 23 after "tourism," add "mining,"

page 36, line 9+2 after "tourism," add "mining,"

page 40 line 11 after "TOURISM," add "MINING," ^{line 29 after "tourism enterprise"} ~~insert~~ insert "mining enterprise";
line 23+13 after "tourism," add "mining," ^{line 15 after enterprises,} insert "mining enterprises,"

page 41, after line 4 add

(D) \$1,000,000 if the loan is made to a mining enterprise;
line 22 & 27 after "tourism," add "mining,"

page 42, line 2 after "tourism," add "mining,"

page 45, line 1 before "and commercial" add "mining enterprise,"
after "(13)," delete "and"
line 2 after "(14)" insert ", and (15)"

page 46, after line 21 insert

(15) "mining enterprise" means a business enterprise
which is directly involved in the mining industry.

and Cy- OK

Gallagher

PAGE 29:

LINE 16: After "gas" insert:
"facilities for water, and facilities
for industrial parks"

LINE 27: After "gas" insert:
"facilities for water and facilities for
industrial parks"

Amendment adds water and industrial parks.

Gallagher Ed - gr -
PM 7 - 6m -
RM 1 - 2 gr -
PM 4 - 2 mel -
OK

5/16/80

AMENDMENT # _____ BY ROGERS

page 29, line 16 & 27; page 30 lines 5-6; page 44 line 28:
delete "electric energy or"

RM → OK

①

TO : MIKE

48

FROM: HELEN Daniels

RE: AMENDMENTS TO SBI

OK

TO STRENGTHEN FINDINGS:

PAGE 30 - LINE 8:10

* Sec. F. AS 44.61.010(a) is amended by adding new paragraphs to read:

(6) it is in the public interest to promote the prosperity and general welfare of all citizens of the state by stimulating industrial growth and expansion by encouraging an increase of private investment by banks, investment houses, insurance companies and other financial institutions, including pension retirement funds, to help satisfy the need for ^{ECONOMIC} ~~industrial~~ expansion;

(7) it is in Alaska's public interest, ~~considering the lack of available capital in the Alaska private capital market, to create capital market perfecting instruments which import private capital from other states to create new economic activity which would not otherwise take place in Alaska.~~ ^{TO} [24 80-65 & 2] BR-V. - {

3. TO STRENGTHEN ACCOUNTABILITY OF GOVERNOR FOR QUALITY AND NATURE OF TWO PUBLIC MEMBER APPOINTMENTS: Belton noted noted & twof of S. & Col.

PAGE 30 - LINE 23: 24

* Sec. E. AS 44.61.030 is repealed and re-enacted to read:

Sec. 44.61.030. MEMBERSHIP OF AUTHORITY. (a) The membership of the authority consists of three persons appointed by the governor who serve as heads of principal departments of the executive branch and two public members appointed by the governor, ~~one of whom shall have extensive~~ ^{WIDE} ~~experience in financial lending in Alaska, and one of~~ ^{SHALL IDENTIFY} ~~whom shall have extensive experience in resource development industries in Alaska.~~ - 965-5/16/80

See 10th Amendment

TO AUTHORIZE THE POWER TO CREATE A SECONDARY
MARKET FOR FEDERALLY INSURED LOANS HELD BY
ALASKAN BANKS:

PAGE 33 - LINE 12

SEC. AS 44.61.080 IS AMENDED BY ADDING A NEW
PARAGRAPH TO READ:

(18) TO FACILITATE
OR ~~ORIGINATE~~ A SECONDARY MARKET FOR
THE RESALE OF FEDERALLY INSURED ~~AND~~ ^{ORIGINALLY} ~~LOANS~~ ^{LOAN} HELD BY
ALASKAN COMMERCIAL BANKS.

11m 4₂ ~ 1 n facilitate R₂ 4 W₂ end.
6 5 1 ~ 2 0; P₁ 1 B = 11 1, 6 -

RM 7