

Sponsor Statement

HB 256

“An Act relating to a dividend payment to the state made by the Alaska Housing Finance Corporation each fiscal year”

[House Bill 256](#) would amend and codify the agreement between the Alaska Housing Finance Corporation and the Legislature calling for the transfer of AHFC’s net income to the State General Fund in the form of an annual dividend that funds debt service for certain bonds and capital projects.

Under the current plan, the transfer from AHFC for FY 2004 would be \$75.6 million, down from \$103 million for FY 2003. With the modifications in this bill, the transfer amount would remain at \$103 million for Fiscal Years 2004 through 2006.

In order to allow AHFC to make these payments in excess of net income without affecting their bond ratings, starting in FY2007 the payments from AHFC to the state would be a percentage of net income. This change would bring the AHFC dividend more in line with the AIDEA and Alaska Student Loan Corporation dividend plans. Currently the ASLC pays less than 35% of its net income and AIDEA pays 50% of its net income to the State, while this proposal has AHFC paying 95% in 2007, 85% in 2008 and 75% thereafter.

The purpose of this bill is to keep the transfers from AHFC at a predictable, sustainable level while assisting the Governor and the Legislature in finding a balance between state revenues and expenditures.

This orderly and sustainable approach to transfers will help AHFC and the State of Alaska maintain their strong bond ratings and access to capital markets—which will likely be critical to any fiscal plan developed by the State.