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CSHB 396(); 21-LS1394/I

“An Act transferring the assets, liabilities, and responsibilities of the Alaska Municipal Bond Bank Authority and of the Alaska Student Loan Corporation to the Alaska Housing Finance Corporation; and relating to the Alaska Housing Finance Corporation.”

Sponsor Statement

House Bill 396 authorizes the Alaska Housing Finance Corporation (AHFC) to “purchase” the Alaska Student Loan Corporation (ASLC) and the Alaska Municipal Bond Bank Authority (AMBBA). Consolidating three of Alaska’s best performing and most valuable assets creates a more efficient entity without changing the mission of any existing agency. It also represents a step towards resolving the budget gap – the “purchase” reduces general fund expenditures and creates additional revenue.

It is important to note that this bill neither authorizes nor condones any adverse impact to the clients that are served by the affected agencies.

Estimates of the purchase price indicate that the ASLC’s and AMBBA’s worth is of such a magnitude that it could create a dividend or endowment fund capable of paying for recurring costs, such as Power Cost Equalization (PCE). Consequently, that recurrent cost is freed from the state’s general fund and could lead to a larger AHFC dividend to the state.

There are additional benefits to this bill. Analysts expect that ASLC and AMBBA will enjoy improved bond ratings and AHFC will have increased bonding capacity. Similarly, the overlapping costs that each agency has to pay – such as attorney fees for bond counsel – can be saved.

HB 396 is a long bill but a simple one. It allows some of our best performing assets to achieve even greater performance. I would appreciate your support.