

Fund Source Report

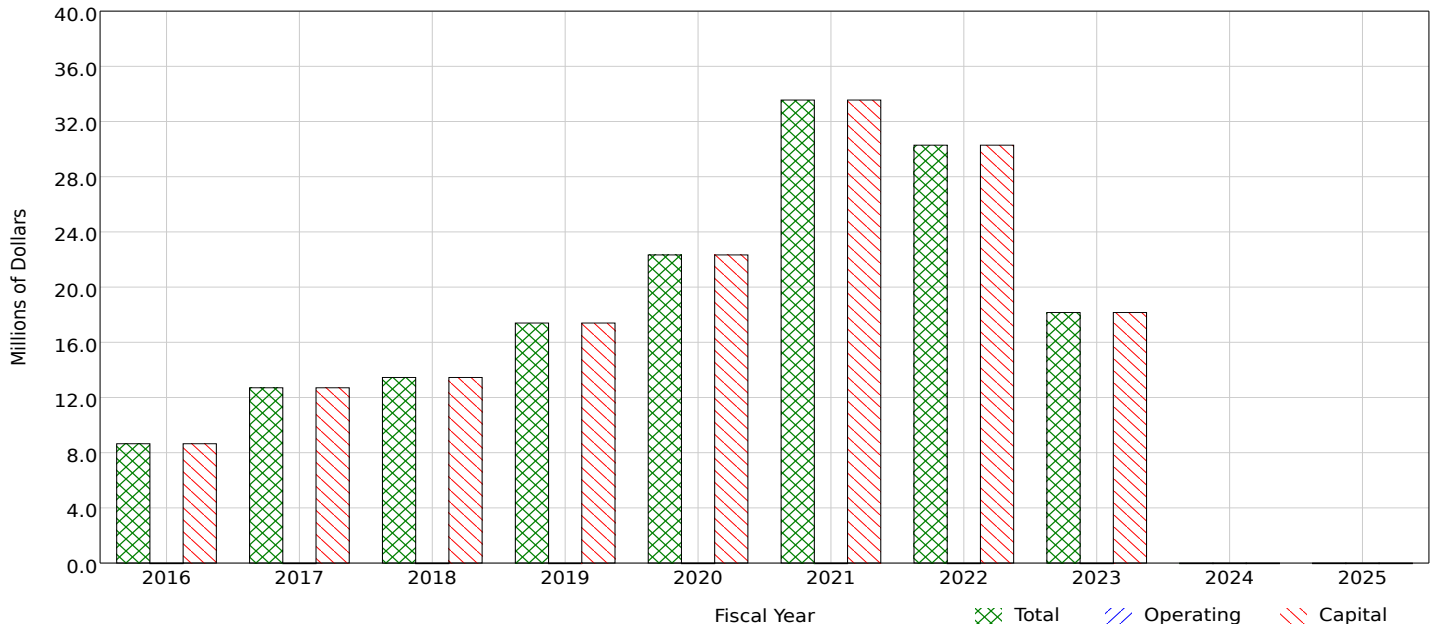
1139

AHFC Div

Alaska Housing Finance Corporation Dividend

Year Authorized 2001	Year Repealed	Active? Yes	Mental Health? No	Duplicated? No	Fund Group Unrestricted General
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Operating and Capital Appropriations



Legal Authority

Legislative Finance Division tracking code

Source of Revenue

Corporate earnings of the Alaska Housing Finance Corporation (AHFC).

Restrictions on Use

This budget fund code is used to track the dividend paid by AHFC to the State. There are no restrictions on its use.

Description and History

The Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority and the Alaska Commission on Postsecondary Education are all financial corporation's of the state. Beginning in the mid 1990's, these corporations started realizing profits and began providing cash dividends to the state. Dividend fund codes are used to track dividend revenues to the state. Beginning in FY97 separate budget fund codes for these corporations were used to differentiate between receipts used for internal operations of the corporations and the amount the corporations provide to the state as dividends.

FY99 budget intent language stated "It is anticipated the Alaska Housing Finance Corporation board of directors will declare a total of at least \$103,000,000 to be available for FY99 from withdrawals from the unrestricted cash in the general account of the Alaska housing finance revolving fund (AS 18.56.082)...." Further intent language clarified that the amount of the dividend would be reduced by (1) the amount of debt service AHFC paid on bonds that were for statewide projects; and (2) the amount appropriated for FY99 corporate funded capital projects. These factors reduced the amount transferred to the general fund to about \$50 million.

The dividends appeared (at least partially) as general fund revenue until FY01, when code 1139 was created and the full amount was classified as non-general funds.

Chapter 130, SLA 2000 (Section 1) adopted legislative intent reaffirming the \$103 million dividend expectation through FY08 (less debt service) but stated that the dividend should not exceed the Alaska Housing Finance Corporation's net income for the preceding fiscal year.

Dividends exceeded net income in FY02 and FY03, prompting adoption of legislation amending AS 18.56.089 to cap dividends at the lesser of \$103 million or 75% of net income in the most recently completed fiscal year. Debt service and other appropriations of AHFC income for non-AHFC purposes will continue to be deducted from the calculated dividend. There is a transition period lasting through FY08, in which dividends may exceed

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75% of net income.

July 2014

Dividends were typically reserved for capital projects after FY07. Debt service paid by AHFC for state-requested bonds remained at about \$11 million annually, while AHFC's net income declined precipitously--pushing dividends below \$20 million in FY12 and FY13, then to zero in FY14 and FY15.

See

1103 Alaska Housing Finance Corporation Receipts