



Representative Chris Tuck

Alaska State Legislature

District 29 - Representing Dimond Estates, Foxridge, Taku,
Southwood Manor, Campbell, and Independence Park

HB 278 – HOME ENERGY VOUCHER QUESTIONS & ANSWERS

Is there really a need for a voucher system?

- Anecdotally from working with constituents, we know that many homeowners have been hit pretty hard by the 2009 economic collapse. The families make too much to qualify for a low-income state weatherization program, but are dealing with high credit card debt, receding retirement accounts and investments, and, at times, negative equity in their homes.
- Those circumstances can make it pretty tough to pay several thousand dollars up front for efficiency upgrades, even with a state reimbursement likely down the road. Some families are going into high credit card debt and trying to keep afloat until they get reimbursed. That puts people in a dangerous situation. The people who need energy upgrades the most are ones already pinching dimes.
- AHFC is surveying people enrolled in the rebate program, and found that about 1/5 of the homeowners who haven't completed their energy work aren't doing it because they don't have the funds.
- If we extrapolate that out to the 28,000 people who have signed up for the energy rating, we know that we already have about 1620 homeowners who could use the voucher program.
- That doesn't even include the people who haven't applied for the rebate because they don't think they could squeeze a few thousand dollars out of their household budget.

Don't existing programs cover the need?

- No. Weatherization is income limited. Rebate requires people to have money in their pocket, which many folks don't have. The loan program is a second mortgage, and only about 100 people have done it around Alaska. It's understandable that many families might not want to take out a second mortgage, go through the paper work, have the impact to their credit rating, and more to just access a few thousand dollars for 18 months.

How does the home energy efficiency program work right now?

- The homeowner requests an energy rating by signing-up on the AHFC energy rating list. An energy rater will contact the homeowner and perform an As-Is energy rating of the

Year-Round

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home. The rating includes an Improvement Options Report listing specific improvement measures to increase the home's energy efficiency.

- The homeowner pays the rater and submits the completed rating reimbursement form (provided by the rater), with the required documentation, to AHFC, which will reimburse the homeowner up to \$325 of the As-Is rating cost. AHFC will set aside funds to cover up to \$10,000 for the pending energy-efficiency rebate.
- The homeowner then completes work on measures chosen from the Improvement Options Report within 18 months, and then requests a Post-Improvement rating by signing-up on the AHFC energy rating list.
- An energy rater will contact the homeowner to perform the rating. The homeowner pays the energy rater for the Post-Improvement rating and sends the required rebate documentation to AHFC.
- The homeowner receives a rebate from AHFC for some of the cost of the improvements, including up to \$175 for the Post-Improvement rating cost. The amount of the rebate is determined by the points and step increase in the home's energy rating, not to exceed actual expenditures supported.

How would HB 278 change things?

The only change is in giving a voucher to the homeowner which says the state is good for whatever amount of money is certified by the final energy rating for reimbursement. The homeowner can use that voucher to work with contractors and supply shops who want to accept the voucher, to get the work done without needing cash in hand.

How would a voucher system work?

The statute authorizing the energy rebate program is very general, and AHFC has done a great job developing procedures that implement the program to make it accessible and accountable. AHFC would do the same with this concept.

Here's an example of one of many ways that it could work: Once the final rating is done to certify energy gains and the amount available on the voucher, both the contractor/supply house and the homeowner have to sign off and the contractor/supply house gets the funds.

Who qualifies for the home energy rebate right now?

- Individuals who are not in the Weatherization Program.
- Owner-occupied, year-round residences.
- Homeowners pay upfront & are then rebated for making eligible improvements they choose.

- “Before & After” energy ratings required.
- Individuals may not participate in both the Weatherization Program and Home Energy Rebate Program.

Does the State have any liability for energy efficiency work that costs more than the final audit authorizes for voucher fulfillment?

- No. The State maintains the same role it currently has, with the homeowner taking full responsibility for making sound financial decisions on how to maximize energy improvements for the funds available.
- The voucher should certainly include language that spells out roles and responsibilities in a way that’s legally clear about liability.

What happens with expenses above those paid by the voucher program?

- Homeowners are responsible for all expenses not reimbursed by AHFC.
- Many homeowners are currently doing more work than is covered by the rebate. Contractors and supply shops will continue to choose which projects to accept. Those are their business decisions, and they’re best equipped to make them.
- Alaska House and Finance Corporation is expert at finding creative ways to ensure its programs are successful. As with the existing voucher program, AHFC will work with interested parties to implement a voucher program in the best manner possible.

Will contractors want to work with voucher clients?

- That’s up for each individual contractor to decide.
- Some contractors and supply yards would be fine with waiting a few extra days or months. Some wouldn’t. That’s a business decision that each company is best suited to make on their own.
- We definitely don’t want to tell folks how to run their businesses!

How long would it take to get the voucher fulfilled?

Currently, homeowners are reimbursed within 2-8 weeks of filing for the rebate. AHFC would certainly work to keep a voucher fulfillment timeline tight. Contractors or construction supply shops could include a voucher payment timeline in their contracts with homeowners, just as they do in any other contract.

Can we limit the types of contractors who can participate in the voucher program?

- We want to give homeowners the responsibility and latitude to get the energy work done in the way that suits them best. Some homeowners will choose to do the work themselves, and use the voucher to cover the cost of supplies. Others will choose contractors who best meet their needs, based on their individual situations.
- In addition, we want to give Alaska Housing and Finance the ability to administer a voucher program in the best way possible.

Do lumber yards and contractors have to become purchasing agents with the state or otherwise do lots of paperwork to get funds, if AHFC decides to set up the voucher program so that they are the ones getting the voucher fulfilled?

- No. For the state's receipt-based refund, including ours here in the Legislature for office accounts and the home energy efficiency program, all receipts are considered valid for payment to whomever they are owed to -- as long as the receipts are included in list of qualified expenses.
- The beauty of the home energy program is that the as-is audit provides a very tight list of what is considered qualified expenses. So, the voucher could be technically be fulfilled by anybody who turns in receipts associated with a particular home project.

How much funding is available for home energy efficiency?

- The Legislature appropriates funds for the home energy efficiency program every year.
- When a homeowner gets the energy rating, \$10,000 is encumbered for them. The average rebate to homeowners is roughly \$6,000. Once the homeowner completes the work and gets the rebate, then the unspent money goes back into the pool for the program.
- Right now, all current funds are encumbered so AHFC is only dispatching raters when funds become available.