

27-LS1301\E
Nauman
4/4/12

CS FOR HOUSE BILL NO. 312(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES TAMMIE WILSON, Miller, Dick, Olson, Thompson, Kawasaki,
Guttenberg, Neuman, Gardner, Peggy Wilson, Edgmon, Austerman, Holmes, Doogan, Muñoz

A BILL

FOR AN ACT ENTITLED

"An Act creating a low-interest loan program for homeowners who convert their homes
to natural gas-fired, propane-fired, biomass, or electric heating or district heat; and
providing for an effective date."

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

* **Section 1.** AS 18.56 is amended by adding a new section to read:

Article 6A. Home Heating Conversion Loan Program.

Sec. 18.56.870. Home heating conversion loan program. (a) The corporation
shall establish a program under which the owner of a home that is eligible under (c) of
this section may apply for a loan to convert a home that uses an oil, coal, or wood
heating device so that the home becomes heated primarily by a natural gas-fired,
propane-fired, biomass, or electric heating device or district heat.

(b) To qualify for a loan under the program established in (a) of this section,
the homeowner shall obtain an inspection performed by an energy rater approved
under regulations adopted by the corporation or by a registered mechanical contractor.

The cost of the inspection shall be borne by the homeowner. The energy rater or contractor shall, under regulations adopted by the corporation,

- (1) perform an on-site inspection of the home;
- (2) determine if converting to a natural gas-fired, propane-fired, biomass, or electric heating device or district heat as the primary heating method for the home would increase the energy efficiency of the home; and
- (3) provide the homeowner with an estimate of the cost savings and change in the energy efficiency of the home as a result of converting to a natural gas-fired, propane-fired, biomass, or electric heating device or district heat as the primary heating method for the home.

(c) For purposes of this section, a home is eligible if it is a substantially complete owner-occupied, single-family dwelling or duplex used as a permanent residence by the loan applicant, as determined by the corporation, and is located in the state. Not more than 25 percent of the gross floor area of the building for which a loan is received may be devoted to commercial use. An eligible home does not include a home

(1) that is to be destroyed, abandoned, or converted to another purpose within 12 months after an inspection performed under (b) of this section;

(2) to which the energy source fueling or powering the new heating method is not available; or

(3) for which a loan was previously received under this program.

(d) Loans made under this program

(1) shall have an interest rate of one percent;

(2) shall be repaid over a term of 10 years;

(3) may not be subject to income limitations;

(4) may not exceed, for a home, the lesser of

(A) the cost of the new natural gas-fired, propane-fired, biomass, or electric heating device or district heat equipment that will be used as the primary heating method for the home; or

(B) \$7,500.

(e) Repayments of principal on a loan made under this section shall be used by

1 the corporation for the purposes of providing loans under this section or paying the
2 administrative costs related to providing loans under this section. Interest paid on
3 loans made under this section shall be deposited in the general fund and may be
4 appropriated for the loan program under this section or for any other public purpose.

5 (f) In making loans under this section, the corporation is exempt from the
6 requirements of AS 46.11.050(b).

7 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).