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Governor Mike Dunleavy STATE OF ALASKA

April 4, 2023

The Honorable Gary Stevens
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to subsidiary corporations of the Alaska Housing Finance Corporation (AHFC) and establishing the Alaska energy independence fund.

This bill allows AHFC to establish a nonprofit subsidiary to function as an Alaskan “green bank” that will offer financing opportunities to sustainable energy development projects in the state. Sustainable energy development includes renewable energy generation, energy storage, energy efficiency improvements for commercial and residential buildings, electrical infrastructure projects, clean transportation, and other greenhouse gas emissions reduction, energy efficiency, and zero-emission technology projects. Sustainable energy development projects often languish due to a lack of traditional financing opportunities through private financial institutions. A green bank can offer innovative financial solutions that are deployed in conjunction with traditional financing and thereby enable these projects to proceed more quickly.

The bill expands AHFC’s powers to include sustainable energy development financing and to allow creation of a nonprofit subsidiary for the same purpose. To carry out these purposes, the bill creates the Alaska energy independence fund in the corporation and allows AHFC, through a non-profit subsidiary, to use the fund to finance sustainable energy development through loan origination, bond issuances, provision of capital, and other financial tools. The new subsidiary would develop clean energy loan programs and products, catalyzing the sustainable energy market in Alaska through private sector co-investment. The subsidiary would also be eligible to apply for federal grant funding under the federal Inflation Reduction Act of 2022.

The bill allows an AHFC non-profit subsidiary to provide direct and indirect financing and technical assistance for sustainable energy development projects in the state. Direct financing would include loans or capital provided to individuals or companies for specific sustainable energy development projects. The AHFC non-profit subsidiary would also indirectly invest by

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providing financial and technical assistance to new or existing public, quasi-public, or non-profit entities that finance sustainable energy development in the state as well as enhance, through various means, the existing energy efficiency programs AHFC administers in conjunction with stakeholders

The AHFC non-profit subsidiary would be able to partner with the Alaska Energy Authority for technical review, energy infrastructure expertise, analysis, and deployment of proposed sustainable energy development loans. The Alaska Energy Authority would also provide technical assistance in support of regional and local governments and nonprofit entities that provide financing or financial assistance to sustainable energy development projects in the state.

I urge your prompt and favorable action on this measure.

Sincerely,



Mike Dunleavy
Governor

Enclosure