

Senate Bill 56- Muni Energy Improvement Assessments/Bonds

The Governor's transmittal letter dated February 17, 2015, follows:

Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to establishing a municipal property assessed clean energy program.

Implementing energy efficiency measures in commercial buildings offers an opportunity for owners to reduce energy consumption. This not only can reduce operating costs to the building owner, but also can reduce energy demand on local utilities and improve the reliability of local energy and electrical systems. Financing energy efficiency measures can be a substantial barrier for building owners.

The bill would empower local governments to establish property assessed clean energy programs. These local programs would enable building owners to more easily borrow money from either the municipality or a private lender to implement energy efficiency measures by making property tax assessments available to ensure repayment of the debt obligation. Municipalities may issue bonds to fund a municipal lending. Building owners would voluntarily allow the local municipality to impose a tax assessment on their property. The tax assessment would be payable annually with property taxes, with the proceeds used to repay the lender or bond holders over the full life of the loan. Because the lender or bondholder would have a more assured revenue source for loan repayment, the financing costs should be reduced. The net effect of the program is that commercial building owners will be able to more easily implement energy efficiency measures. The owners will reap benefits from reduced energy and financing costs associated with the energy efficiency improvements.

The program would be known as the Municipal Property Assessed Clean Energy Act.

I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Bill Walker
Governor