

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

House Bill 336 Sponsor Statement

"An Act to provide Alaskans with immediate energy relief and create a program to help residents deal with high energy costs during the transition to more-affordable energy supplies."

Section 1: State sends a voucher to every adult PFD recipient in the fall of 2012, which can be redeemed at a fuel distributor or utility for 250 gallons of heating oil, or for the natural gas BTU equivalent, or for 1,500 KWH of electricity.

- Fuel distributors apply to be added to the list of qualified distributors.
- Vouchers are numbered, state the recipient's name and are non-transferable.
- Vouchers may be redeemed at any qualified fuel distributor in the state.
- Fuel may be delivered to any address in the state.
- Recipients who certify that they do not pay directly for home heating oil, natural gas or electricity may return their vouchers to the department and receive either: a replacement voucher in the name of their landlord, or a check for \$250.
- Distributors submit claims for reimbursement to the state that list voucher numbers, names of voucher owners, fuel delivery addresses and the retail price of fuel on the delivery date.
- The program will be administered by the Department of Revenue/AHFC

Section 2: Executive branch evaluates options and makes a recommendation for an energy assistance program for Alaskans in 2013 and beyond.

The analysis and recommendation are due October 1, 2012. The analysis will include evaluation of a "fuel price reduction" program, an "individual account" program and alternate options, as well as a recommendation for the best program that can be instituted in FY14:

Fuel price reduction option:

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The state makes payments to fuel distributors to lower the price they charge Alaskans for residential heating fuel.

Distributors of heating oil and natural gas submit to the state proof of the wholesale purchase price for the fuel they distribute, and the state reimburses those distributors the amount necessary to effectively reduce that wholesale price a specified amount or to a specified price. Distributors receive this reimbursement for all fuel they sell in the state for residential heating. The executive branch analysis will include consideration of the limiting the number of gallons each Alaskan may purchase at the reduced rate.

Individual account option:

Alaskans apply through the annual PFD process and qualify for an amount of money to be deposited by the state in an account in their name at a fuel distributor or electric utility of their choice in their community. The amount of assistance varies depending on energy costs and heating degree days in each community.

The Permanent Fund Division creates an electronic system similar to “pick-click-give” through which applicants may select a fuel distributor or utility. Individuals who do not select a fuel distributor or utility receive a standard, statewide “base” amount of assistance in the form of a check to their PFD mailing addresses. The executive branch analysis will consider allowing Alaskans to deposit a portion of their PFD’s into their fuel accounts, in addition to their energy assistance.

The executive branch analysis of the options and its recommended program must include evaluation of the following:

1. Whether the program can be structured so the resulting energy assistance will not be subject to federal taxation.
2. The estimated cost of the program in FY14 and for the following 4 years.
3. The cost of administering the program relative to the assistance provided to Alaskans.
4. The extent to which the program provides the most assistance to those Alaskans who have the highest heating costs.

The recommended program must include the following:

- Amount of assistance correlated to the cost of home heating in different communities.
- Program triggered by ANS crude oil price or a heating oil price, and total program funding level dependent on state revenue.
- Penalties for fraud similar to PFD provisions, including loss of future PFD’s.
- Voluntary participation by fuel distributors.
- Administrative costs kept to a minimum.