

30th Alaska State Legislature

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Vice-Chair
State Affairs Committee
Select Committee on Legislative
Ethics
Joint Armed Services Committee



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SPONSOR STATEMENT

SB 39 - Commercial Property Assessed Clean Energy Act

Senate Bill 39 would set up a system to allow municipalities and commercial property owners to participate in a Commercial Property Assessed Clean Energy (C-PACE) finance program. The Act allows municipalities to assess a C-PACE fee to a commercial property owner's annual property tax bill to repay a PACE loan by a third party such as a commercial bank or through a program administered by the borough.

Using a successful program from Texas, this legislation sets forth a boiler plate system for creating PACE programs requiring a description of qualified projects, description of the boundaries of a region within the borough, a description of third party programs or municipal funding of qualified projects, description of fees for municipal assessments for third party loaners, a requirement for written contracts, and public notice and public hearing to establish a PACE program.

Creating a uniform process and requiring written contracts between all parties will give credibility to the program and, as experienced in Texas, commercial banks are more willing to finance qualified projects with low interest rates and more assurance that the loans will be paid.

Municipalities will be allowed to issue bonds or notes as a funding source for providing loans. A second class borough could establish this program by regions either areawide or nonareawide.

The bill prohibits a municipality from issuing a permit, license or other authorization of property based on a contingency that the person enter into a PACE contract.

Liens for PACE loans are paramount to all other liens except municipal tax liens and special assessments.