

Special Committee on Energy

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ALASKA STATE HOUSE OF REPRESENTATIVES

HB 232 – An Act relating to a municipal air quality improvement tax credit; and relating to a municipal energy efficient new construction tax credit

Sponsor Statement

Introduced at the request of the Fairbanks North Star Borough, HB 232 gives municipalities new tools to address challenges facing their communities and stimulate local economies. HB 232 allows local governments to offer municipal tax credits for home and business owners who invest in property improvements which result in increased energy efficiency or improve local air quality. This bill does not mandate any action by municipalities – it offers local governments additional avenues for addressing local challenges and priorities and creates partnerships with local businesses to stimulate and diversify local economies.

Relying on the adage that local problems are best solved through local solutions, HB 232 allows municipal tax credits to be targeted towards new construction that results in overall energy efficiency. Additionally, the bill allows municipalities facing chronic air quality issues to offer tax credits to businesses and residents who make investments that will result in a reduction in PM2.5 pollution.

It is the hope of the sponsor and the requesting municipality that these tools will result in more Interior Alaskans choosing to convert their home heating systems and connect to the expanding Interior Gas Utility, thereby maximizing the return on the state's investment in the system. An additional benefit of this legislation will be streamlining the efforts of the Fairbanks North Star Borough and the Department of Environmental Conservation to improve air quality in Interior Alaska.

The bill allows for maximum flexibility by municipalities who choose to offer these credits, avoiding a "top down" approach to local issues. This simple "no harm" bill will foster new partnerships with local contractors, businesses and homeowners. Unleashing local creativity is critically important, allowing local governments to harness the power of private enterprise and address local challenges and priorities where most effective and appropriate.