



Fairbanks North Star Borough

Mayor's Office

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February 10, 2020

Submitted via email

Representative Grier Hopkins, Chair
House Energy Committee
Alaska State Legislature
Representative.Grier.Hopkins@akleg.gov

Dear Chair Hopkins and members of the House Energy Committee,

I am writing in regards to House Bill 232, which reauthorizes an air quality property tax credit for municipalities failing to meet air quality standards for fine particulates (PM_{2.5}) and establishes a new property tax credit exemption for new construction meeting energy efficiency standards. It's important to note that these programs are voluntary for local municipalities. The Fairbanks North Star Borough (FNSB) has identified both programs as legislative priorities.

The FNSB has been out of attainment with the PM_{2.5} health standards for over a decade and was recently designated as a Serious Nonattainment area. The longer the FNSB is out of compliance, the more severe the consequences to our community as we are required to consider and implement increasingly restrictive measures to reach attainment. Nonattainment has many negative impacts to our community, including those relating to health, the environment, and our economy. Incentive programs provide a positive tool as we work towards meeting the health-based standards.

The reauthorization of the air quality tax credit would provide the opportunity to offer tax credits to property owners who make property improvements to reduce PM_{2.5} emissions. This tax credit can be used as an additional incentive to increase the number of wood stove change outs or conversions as we work to meet the requirements for permanent emission reductions as set forth in the Moderate and Serious State Implementation Plans. While this tax credit was previously authorized, it expired in 2015 prior to the FNSB's wood stove change out program being as robust as it is now. Thanks to the financial support from the Environmental Protection Agency's Targeted Air Shed Grant program and partnership with the Alaska Department of Environmental Conservation, the FNSB is better poised to implement the tax credit quickly as an additional incentive for change outs and conversions.

HB232 also establishes a new construction energy credit exemption. The hope is that this credit exemption for new construction is modeled after the Alaska Housing Finance Corporation's program regarding code and energy compliance. This tool would help communities incentivize quality construction with a focus on energy efficiency, resulting in reducing the overall impact to the community's energy demand. Most significantly, the reduction in demand and cost for space heating.

Thank you for your consideration.

Bryce J. Ward, Mayor
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cc: Fairbanks North Star Borough Assembly Members