



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
Bryce.Ward@fnsb.us
(907) 459-1300

cc: Fairbanks North Star Borough Assembly Members

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By Rep. Grier Hopkins at 2:43 pm, Feb 21, 2020



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Member of the National League of Cities and the National Association of Counties

The Honorable Grier Hopkins
Alaska State Legislature

February 10, 2020

RE: HB232 - An Act relating to a municipal air quality improvement tax credit; and relating to a municipal energy efficient new construction tax credit.

Dear Representative Hopkins,

Thank you for sponsoring HB232, and to Committee members for their consideration. As you are aware, AML responds to the needs of Alaska's 165 cities and boroughs, which are political subdivisions of the State of Alaska. We are a member-service organization and work to strengthen local governments across the state.

Our membership is diverse, and a broad difference between home rule and first-class boroughs and cities, and second-class cities and boroughs. The latter, in particular, are limited by what the State of Alaska allows or prohibits. HB232 essentially allows for second-class cities and boroughs to adopt additional powers if they so choose.

Without commenting on value of air quality improvements or energy efficiency in new construction, it is important to recognize that this value needs to be determined at the local level. HB232 is responsive to the needs of local governments by providing them the option of additional tools as they deem necessary, and as they relate to air quality and energy efficiency.

AML appreciates the recognition of the bill sponsor of these important elements of local control and for empowering local governments as they work to meet the expectations and needs of residents.

Respectfully,

Nils Andreassen
Executive Director

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By Rep. Grier Hopkins at 2:44 pm, Feb 21, 2020



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February 19, 2020

Representative Grier Hopkins
State Capitol Room 409
Juneau, AK 99801

Re: HB232, An Act relating to a municipal air quality improvement tax credit; and relating to a municipal energy efficient new construction tax credit

Dear Representative Hopkins:

The Alaska Miners Association would like to thank you for introducing HB232 and writes to comment in support of the bill.

AMA is a professional membership trade organization established in 1939 to represent the mining industry in Alaska. We are composed of more than 1,400 members that come from eight statewide branches: Anchorage, Denali, Fairbanks, Haines, Juneau, Kenai, Ketchikan/Prince of Wales, and Nome. Our members include individual prospectors, geologists, engineers, suction dredge miners, small family mines, junior mining companies, major mining companies, Alaska Native Corporations, and the contracting sector that supports Alaska's mining industry.

While Interior Alaska pays some of the highest energy costs in the nation, the community also grapples with meeting air quality standards. Your approach in HB 232 focuses on alleviating the impacts from both of these challenges through incentives, not punishments. HB 232 encourages investment in improvements which could result in increased energy efficiency and improve local air quality. Additionally, the bill allows local governments to offer tax credits for new construction for targeting overall energy efficiency.

AMA supports your "local solutions to local challenges" approach in HB 232 and encourages the passage of the bill.

Thank you for the opportunity to comment.

Deantha Crockett
Executive Director

RECEIVED

By Rep. Grier Hopkins at 2:44 pm, Feb 21, 2020



February 17, 2020

The Honorable Grier Hopkins, Chair
House Energy Committee
Alaska State House of Representative
120 4th Street, Rm. 3
Juneau, AK 99801

Re: Support for HB 232 – Municipal Tax Credits

Expansion of natural gas service through the Interior Energy Project (IEP) has been a priority for the State of Alaska to help reduce energy costs and alleviate poor air quality related to the Fairbanks North Star Borough's (FNSB) fine particulate matter (PM_{2.5}) nonattainment area designation.

As a public utility, the Interior Gas Utility (IGU) is focused on bringing both economic and environmental relief to the residents of the Interior to keep our community vibrant. IGU is currently working to secure future supplies of natural gas, develop a distribution network in the FNSB, and prepare for the process of conversion, which is the process a homeowner or business must undergo in order to switch from a current heating source to natural gas.

Getting households and businesses to convert their heating systems to natural gas is vital to the success of the IEP. In addition to annual fuel costs and the associated repayment time period, the decision for converting to a natural gas heating system will largely depend the capital cost for the conversion. The estimated cost of delivered natural gas for the IEP is higher than the original community target, therefore all options to provide incentive for conversions to natural gas are important to the project.

The IGU strongly supports HB 232, which will help remove barriers to conversion by giving municipalities the option of incentivizing conversions from wood and oil to natural gas through a local air quality property tax credit program. On behalf of Interior residents, we appreciate your support for helping to increase energy efficient construction and improve air quality in the region.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dan Britton", is positioned above the printed name.

Dan Britton
General Manager

RECEIVED

By Rep. Grier Hopkins at 2:44 pm, Feb 21, 2020



February 20, 2020

Representative Grier Hopkins
State Capitol #409
Juneau, AK 99801

RE: Support for HB 232 Municipal Tax Credits

Dear Representative Hopkins:

Thank you for your continued work toward finding meaningful solutions for improving air quality in Interior Alaska. HB 232 Municipal Tax Credits would allow local governments to offer municipal tax credits to home and business owners who invest in property improvements to increase energy efficiency or improve local air quality.

As you know, Aurora Energy, LLC, is a sister company of Usibelli Coal Mine, Inc. Aurora Energy owns and operates the 27 megawatt cogeneration coal plant in downtown Fairbanks. The plant produces electricity as well as heat which is distributed through an underground district heating system. Up to 40 percent of the heat distributed to Aurora Energy customers is recycled residual heat from electrical generation, which offsets the need to burn additional fuel for space heating. The district heat system provides, clean, efficient, and affordable space heating to approximately 211 customers in Fairbanks.

While the point sources (i.e. power plants) are not a significant contributing factor toward the PM_{2.5} problem in the community, Usibelli and Aurora share your commitment to helping find meaningful solutions to improving air quality. As such, Aurora Energy has been researching and analyzing the opportunity to construct a wood kiln to dry wood that is used for home heating. As you know, burning wet, unseasoned, wood is the number one cause of the PM_{2.5} problem in Interior Alaska.

Similar to the district heat system, operation of the wood kiln could also use recycled residual heat from the Aurora cogeneration plant. As you know, starting a new business is no small undertaking. While Usibelli has successfully operated since 1943, starting a new venture is not a decision the company makes lightly. However, HB 232 offers incentives to business to make such investments.

Usibelli and Aurora Energy remain committed to working toward meaningful solutions to improve air quality in Interior Alaska. Thank you for working with the Fairbanks North Star Borough to achieve these shared goals, especially with the introduction of HB 232 Municipal Tax Credits.

If there are any questions regarding Aurora Energy or Usibelli Coal Mine, please contact me at lorali@usibelli.com, or (907) 745-6028.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lorali M. Simon".

Lorali M. Simon
Vice President, External Affairs

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By Rep. Grier Hopkins at 2:44 pm, Feb 21, 2020