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ALASKA STATE LEGISLATURE



Chair
Special Committee on Energy

REPRESENTATIVE CALVIN SCHRAGE

Sponsor Statement

House Bill 227 – Version G

“An Act relating to municipal energy and resilience improvement assessment programs”

Property Assessed Clean Energy (PACE) is an innovative financing mechanism that enables owners of commercial and industrial properties to obtain fixed rate, long-term financing through private lenders for energy efficiency and renewable energy projects and pay the costs back over time through a voluntary assessment on the property tax. PACE attaches the loan to the property, rather than the borrower. If the property is sold, the loan transfers to the new owner. With lower energy costs, building owners unlock positive cash flow for their businesses and increase their buildings' value from day 1.

Passed in 2017, the statute allows local governments to create and manage C-PACE programs. The Municipality of Anchorage launched the state's first program in April 2021. Other regions are interested in launching a program and are reviewing administration options. While program administration is offset by administrative fees, staff capacity is still required to maintain the program and review applications. Alaska's statute is based on Texas's C-PACE statute. Based on the growing success of C-PACE, lawmakers around the country are adding new eligible uses of C-PACE. Several statutory clean-ups will ensure efficient statewide promulgation and will greatly facilitate investment in our building stock, especially at a time when economic development is needed most.

House Bill 227 aims to expand C-PACE in Alaska by:

1. Allowing new construction financing
2. Allowing Resiliency projects
3. Allowing C-PACE refinancing
4. Considering Market Values rather than assessed values
5. Eliminating the Savings-to-Investment Ratio (SIR)

HB 227 changes serve the common goal of creating a large, thriving and active C-PACE market, which in turn will benefit Alaskans. These amendments were developed in coordination with the Municipality of Anchorage and the Alaska Energy Authority using the best practices & lessons learned in the Lower 48. In all cases, C-PACE assists property owners in dealing with the up-front cost of property upgrades that create a public benefit.

HB 227 will help municipalities and boroughs statewide achieve the greatest overall environmental and economic development benefits at no cost to state or local governments.