



Sectional Analysis
Senate Bill 125 – AK Housing Finance Corp: Sustain Energy

Section 1: Adds a new subsection (AS 18.56.010 (h)) that acknowledges the public benefit of a subsidiary corporation of Alaska Housing Finance Corporation (AHFC) to assist in financing sustainable energy development.

Section 2: Amends existing AHFC statutes to authorize creation of a subsidiary corporation for the purpose of sustainable energy development.

Section 3: Amends AHFC's statutes to create or work with public, quasi-public or nonprofit organizations that provide financial assistance for sustainable energy projects.

Section 4: Adds a new section (AS 18.56.870) establishing the Alaska Energy Independence Fund.

(a) Adds a new section to AHFC's statutes to create a fund within AHFC (not the proposed subsidiary) that may be appropriated or transferred, including federal grants, AHFC deposits, unrestricted loan payments, interest or other income earned on loans, investments, or assets of the fund(s).

It allows AHFC to establish interest rates, security provisions and other loan terms as appropriate.

(b) Authorizes certain uses of money and assets of the Alaska energy independence fund to make loans; secure bonds; provide or leverage capital through loan guarantees, credit enhancements, equity capital, indirect funding; and other financial products or services approved by AHFC in regulation.

This section further allows AHFC to pay the costs of administering both the fund as well as the terms of the loan made through the fund.

(c) Identifies the Corporation as the fiduciary of the fund under 37.10.071 which falls under Alaska's Department of Revenue and allows for it to invest the fund in accordance with an investment policy adopted by the Corporation that may deviate from the prudent

investment rule. Annual reporting according to Generally Accepted Accounting Principles (GAAP) is required.

(d) Allows the Corporation as part of its loan approval process to require a deed of trust on the building as well as real estate for which the building is located.

(e) Allows the Corporation to contract with Alaska Energy Authority for technical review, expertise or analysis of proposed loans.

(f) Does not allow the Corporation to make a loan guarantee in excess of \$20 million without legislative approval.

(g) Allows the Corporation to adopt regulations in order to administer the fund.

(h) Acknowledges the fund is not a dedicated fund.

Section 5: Adds new definitions including sustainable energy development; building energy efficiency; electrical infrastructure; clean transportation; and any other greenhouse gas emissions reduction, energy efficiency, or zero-emission technology.