

CS FOR HOUSE BILL NO. 296(ENE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ENERGY

Offered: 2/26/10

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing and relating to the issuance of bonds by the Alaska Housing
2 Finance Corporation; establishing the Alaska energy efficiency revolving loan fund and
3 relating to the fund; authorizing regional educational attendance areas, municipalities,
4 and the State of Alaska to borrow money from the Alaska Housing Finance Corporation
5 for the purposes of the Alaska energy efficiency revolving loan fund; and providing for
6 an effective date."

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 * **Section 1.** AS 18.56 is amended by adding new sections to article 6 to read:

9 **Sec. 18.56.855. Alaska energy efficiency revolving loan fund.** (a) The
10 Alaska energy efficiency revolving loan fund is established in the corporation to carry
11 out the purposes of AS 18.56.855 - 18.56.860. The revolving loan fund consists of
12 money or assets appropriated or transferred to the corporation for the revolving loan
13 fund, including money and assets deposited in the revolving loan fund by the

1 corporation and earnings on investments of money held in the revolving loan fund.
2 The corporation may establish separate accounts in the fund. The corporation shall
3 establish the interest rates, security provisions, and other terms of a loan made under
4 this section taking into consideration the corporation's cost of funds and other factors
5 the corporation considers appropriate.

6 (b) Money and other assets of the Alaska energy efficiency revolving loan
7 fund may be used to

8 (1) make loans to regional educational attendance areas, municipal
9 governments, including subdivisions of municipal governments, or to the state for the
10 purpose of financing energy efficiency improvements to buildings owned by the
11 regional educational attendance areas, municipalities or their subdivisions, or the state;

12 (2) secure bonds issued by the corporation to finance the loans
13 described in (1) of this subsection;

14 (3) pay costs of administering the revolving loan fund; and

15 (4) pay the costs of administering and enforcing the terms of loans
16 made by the corporation from the revolving loan fund.

17 (c) Before a regional educational attendance area, a municipal government, or
18 a subdivision of a municipal government, may borrow money from the corporation
19 under this section, the regional educational attendance area or the municipal
20 government shall waive any sovereign immunity defense it may have available to it
21 with respect to enforcement of the terms of the loan. A municipal government may
22 waive sovereign immunity to comply with the requirement of this subsection. The
23 state waives any sovereign immunity defense against enforcement of the terms of a
24 loan made to the state under this section. A person or corporation having a claim under
25 this section shall bring an action in a state court in Alaska that has jurisdiction over the
26 claim.

27 (d) All regional educational attendance areas and municipal governments
28 within the state are authorized to borrow from the corporation under this section. The
29 corporation shall set out the terms of a loan to a regional educational attendance area
30 in a loan agreement or similar document. At the discretion of the corporation, a
31 borrowing by a municipal government under this section may be effected by use of a

1 loan agreement or similar document evidencing and setting out the terms of the loan or
2 by issuance of a bond by the municipal government to the corporation.
3 Notwithstanding a charter provision requiring public sale by a municipality of its
4 municipal bonds or other indebtedness, a municipality may sell its bonds under this
5 section to the corporation at a negotiated, private sale. At the discretion of the
6 corporation, the bonds or other indebtedness of the municipality may be general
7 obligations of the municipality or may be secured by an identified revenue source or
8 by a combination of the full faith and credit of the municipality and an identified
9 revenue source.

10 (e) Notwithstanding any other provision of law, to the extent that any
11 department or agency of the state is the custodian of money payable to a regional
12 educational attendance area or to a municipality, at any time after written notice to the
13 department or agency head from the corporation that the regional educational
14 attendance area or municipality is in default on the payment of principal of or interest
15 on municipal bonds or other indebtedness then held or owned by the corporation, or
16 amounts due under an agreement between the corporation and a regional educational
17 attendance area or a municipality, the department or agency shall withhold the
18 payment of that money from that regional educational attendance area or municipality
19 and pay over the money to the corporation for the purpose of paying the principal of
20 and interest on the bonds or indebtedness. The notice must be given in each instance
21 of default. If a notice is given under this subsection and under AS 44.85.170 and the
22 default is continuing under this subsection and under AS 44.85.170, the department or
23 agency shall make payment to the corporation and to the Alaska Municipal Bond Bank
24 Authority on a pro rata basis, taking into consideration the principal amount of the
25 respective default amounts.

26 (f) An authorized state officer may borrow from the corporation under this
27 section for buildings owned by the state. The superintendent of a regional educational
28 attendance area, at the direction of the regional educational attendance school board,
29 may borrow from the corporation under this section for buildings owned by the
30 regional educational attendance area.

31 (g) In addition to other security that may be given with respect to a loan made

1 under this section, the corporation may require a deed of trust on the building that is
 2 the subject of the energy efficiency loan and the real estate on which the building is
 3 located. A regional educational attendance area or municipality may grant a deed of
 4 trust to the corporation as needed for this purpose. The authorized state officer may
 5 grant a deed of trust to the corporation as needed for this purpose.

6 (h) This section applies to home rule municipalities.

7 (i) In this section, "authorized state officer" means

8 (1) the commissioner of the department of the state for a building
 9 owned by the state;

10 (2) the executive director of a public corporation for a building owned
 11 by the public corporation;

12 (3) the Alaska Legislative Council for a building owned by the
 13 legislature;

14 (4) the administrative director of courts for a building owned by the
 15 Alaska Court System;

16 (5) any other person designated in writing by a person listed in (1) - (4)
 17 of this subsection.

18 **Sec. 18.56.860. Administration.** The corporation shall administer the Alaska
 19 energy efficiency revolving loan fund in accordance with regulations adopted by the
 20 corporation. The corporation may adopt regulations under AS 18.56.088 to carry out
 21 the purposes of AS 18.56.855 - 18.56.860.

22 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
 23 read:

24 **BOND AUTHORIZATION AND PROVISIONS.** (a) In addition to the powers in
 25 AS 18.56.090, the Alaska Housing Finance Corporation may issue bonds in an amount not to
 26 exceed \$250,000,000 to make loans from the energy efficiency revolving loan fund
 27 established by AS 18.56.855, enacted by sec. 1 of this Act, and to finance the purposes
 28 permitted by AS 18.56.855, enacted by sec. 1 of this Act. AS 18.56.110 - 18.56.190 and
 29 18.56.855 - 18.56.860, enacted by sec. 1 of this Act, apply to bonds issued under this section,
 30 except that bonds issued under this section are not subject to, and may not be counted against,
 31 the bond issuance limitation set out in AS 18.56.110(g).

1 (b) The Alaska Housing Finance Corporation shall deposit the proceeds of bonds
2 issued under (a) of this section in the Alaska energy efficiency revolving loan fund in
3 accordance with AS 18.56.855, enacted by sec. 1 of this Act.

4 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the
7 heading of art. 6 of AS 18.56 from "Article 6. Energy Conservation" to "Article 6. Energy
8 Efficiency and Conservation Programs."

9 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).