

SENATE BILL NO. 223

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/19/10

Referred: Senate Special Committee on Energy, Finance

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 municipalities and the State of Alaska to borrow money
4 from the Alaska Housing Finance Corporation for the purposes of the Alaska energy
5 efficiency revolving loan fund; and providing for an effective date."

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

7 * **Section 1.** AS 18.56 is amended by adding new sections to read:

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

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

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

7 (1) make loans to municipal governments, including subdivisions of
8 municipal governments, or to the state for the purpose of financing energy efficiency
9 improvements to buildings owned by the state or by municipalities in the state;

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

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

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

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

24 (d) All municipal governments within the state are authorized to borrow from
25 the corporation under this section. At the discretion of the corporation, a borrowing by
26 a municipal government under this section may be effected by use of a loan agreement
27 or similar document evidencing and setting out the terms of the loan or by issuance of
28 a bond by the municipal government to the corporation. Notwithstanding a charter
29 provision requiring public sale by a municipality of its municipal bonds or other
30 indebtedness, a municipality may sell its bonds under this section to the corporation at
31 a negotiated, private sale. At the discretion of the corporation, the bonds or other

1 indebtedness of the municipality may be general obligations of the municipality or
2 may be secured by an identified revenue source or may be secured by a combination
3 of the full faith and credit of the municipality and an identified revenue source.

4 (e) Notwithstanding any other provision of law, to the extent that any
5 department or agency of the state is the custodian of money payable to a municipality,
6 at any time after written notice to the department or agency head from the corporation
7 that the municipality is in default on the payment of principal or interest on municipal
8 bonds or other indebtedness then held or owned by the corporation, or amounts due
9 under an agreement between the corporation and a municipality, the department or
10 agency shall withhold the payment of that money from that municipality and pay over
11 the money to the corporation for the purpose of paying principal of and interest on the
12 bonds or indebtedness. The notice must be given in each instance of default. If a notice
13 is given under this subsection and under AS 44.85.150 and the default is continuing
14 under this subsection and under AS 44.85.150, the department or agency shall make
15 payment to the corporation and to the Alaska municipal bond bank authority on a pro
16 rata basis taking into consideration the principal amount of the respective default
17 amounts.

18 (f) An authorized state officer may borrow from the corporation under this
19 section for buildings owned by the state.

20 (g) In addition to other security that may be given with respect to a loan made
21 under this section, the corporation may require a deed of trust on the building that is
22 the subject of the energy efficiency loan and the real estate on which the building is
23 located. A municipality may grant a deed of trust to the corporation as needed for this
24 purpose. The authorized state officer may grant a deed of trust to the corporation as
25 needed for this purpose.

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

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

28 (1) the commissioner of the department of the state for a building
29 owned by the state;

30 (2) the executive director of a public corporation for a building owned
31 by the public corporation;

- 1 (3) the legislative council for a building owned by the legislature;
- 2 (4) the administrative director of courts for a building owned by the
- 3 judicial system;
- 4 (5) any other person designated in writing by a person listed in (1) - (4)
- 5 of this subsection.

6 **Sec. 18.56.860. Administration.** The corporation shall administer the Alaska

7 energy efficiency revolving loan fund in accordance with regulations adopted by the

8 corporation. The corporation may adopt regulations under AS 18.56.088 to carry out

9 the purposes of AS 18.56.855 - 18.56.860.

10 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to

11 read:

12 BOND AUTHORIZATION AND PROVISIONS. (a) In addition to the powers in

13 AS 18.56.090, the Alaska Housing Finance Corporation may issue bonds in an amount not to

14 exceed \$250,000,000 to make loans from the energy efficiency revolving loan fund

15 established by AS 18.56.855, enacted by sec. 1 of this Act, for energy efficiency

16 improvements to state and municipal buildings in the state and to finance the other purposes

17 permitted by AS 18.56.855, enacted by sec. 1 of this Act. AS 18.56.110 - 18.56.190 and

18 18.56.855 - 18.56.860, enacted by sec. 1 of this Act, apply to bonds issued under this section,

19 except that bonds issued under this section are not subject to, and may not be counted against,

20 the bond issuance limitation set out in AS 18.56.110(g).

21 (b) The Alaska Housing Finance Corporation shall deposit the proceeds of bonds

22 issued under (a) of this section in the Alaska energy efficiency revolving loan fund in

23 accordance with AS 18.56.855, enacted by sec. 1 of this Act.

24 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to

25 read:

26 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the

27 heading of art. 6 of AS 18.56 from "Article 6. Energy Conservation" to "Article 6. Energy

28 Efficiency and Conservation Programs."

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