

CS FOR HOUSE BILL NO. 312(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 2/22/12

Referred: Finance

Sponsor(s): REPRESENTATIVES TAMMIE WILSON, Miller, Dick, Olson, Thompson, Kawasaki, Guttenberg, Neuman, Gardner, Peggy Wilson, Edgmon, Austerman, Holmes, Doogan, Muñoz

A BILL

FOR AN ACT ENTITLED

1 **"An Act creating a low-interest loan program for homeowners who convert their homes**
2 **to natural gas-fired, propane-fired, biomass, or electric heating or district heat; and**
3 **creating the home heating conversion loan fund."**

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

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

6 **Article 6A. Home Heating Conversion Loan Program.**

7 **Sec. 18.56.870. Home heating conversion loan program.** (a) The corporation
8 shall establish a program under which the owner of a home that is eligible under (c) of
9 this section may apply for a loan to convert a home that uses an oil, coal, or wood
10 heating device so that the home becomes heated primarily by a natural gas-fired,
11 propane-fired, biomass, or electric heating device or district heat.

12 (b) To qualify for a loan under the program established in (a) of this section,
13 the homeowner shall obtain an energy audit performed by an energy rater approved
14 under regulations adopted by the corporation. The cost of the audit shall be borne by

1 the homeowner. The energy rater shall, under regulations adopted by the corporation,

2 (1) perform an on-site inspection of the home;

3 (2) estimate the cost savings that would result from a conversion to a
4 natural gas-fired, propane-fired, biomass, or electric heating device or district heat as
5 the primary heating method for the home; and

6 (3) estimate the cost of converting an existing heating method to a
7 natural gas-fired, propane-fired, biomass, or electric heating device or district heat that
8 will serve as the primary heating method for the home.

9 (c) For purposes of this section, a home is eligible if it is a substantially
10 complete owner-occupied, single-family dwelling or duplex used as a permanent
11 residence by the loan applicant, as determined by the corporation, and is located in the
12 state. Not more than 25 percent of the gross floor area of the building for which a loan
13 is received may be devoted to commercial use. An eligible home does not include a
14 home

15 (1) that is to be destroyed, abandoned, or converted to another purpose
16 within 12 months after an energy audit performed under (b) of this section;

17 (2) to which the energy source fueling or powering the new heating
18 method is not available; or

19 (3) for which a loan was previously received under this program.

20 **Sec. 18.56.873. Home heating conversion loan fund.** (a) The home heating
21 conversion loan fund is established in the corporation. The loan fund consists of
22 money appropriated to the corporation for home heating conversion loans under
23 AS 18.56.870.

24 (b) Loans made under this program

25 (1) shall have an interest rate of one percent;

26 (2) shall be repaid over a term of 10 years;

27 (3) may not be subject to income limitations;

28 (4) may not exceed, for a home, the lesser of

29 (A) the cost of converting to the new natural gas-fired,
30 propane-fired, biomass, or electric heating device or district heat as the primary
31 heating method, as estimated by an energy rater under AS 18.56.870(b); or

1 (B) \$7,500.

2 (c) The home heating conversion loan fund may be used to

3 (1) make loans to owners of eligible homes for the purpose of
4 financing conversion to a natural gas-fired, propane-fired, biomass, or electric heating
5 device or district heat to be used as the primary heating method in an eligible home;

6 (2) pay costs of administering the loan fund; and

7 (3) pay the costs of administering and enforcing the terms of loans
8 made by the corporation from the loan fund.

9 **Sec. 18.56.875. Energy audit exemption.** In making loans under
10 AS 18.56.870 and 18.56.873, the corporation is exempt from the requirements of
11 AS 46.11.050(b).