

**SENATE BILL NO. 154**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY SENATOR THOMAS

Introduced: 1/17/12

Referred: Community and Regional Affairs, Finance

**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 heating; and creating the natural gas home heating conversion loan**  
3 **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. Natural Gas Home Heating Conversion Loan Program.**

7 **Sec. 18.56.870. Natural gas home heating conversion loan program.** (a)

8 The corporation shall establish a program under which the owner of a home that is  
9 eligible under (c) of this section may apply for a loan to convert a home that uses an  
10 oil, coal, wood, or other non-natural gas-fired heating device so that the home  
11 becomes heated primarily by a natural gas-fired heating device.

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 heating device as the primary heating method for the home; and

5 (3) estimate the cost of converting an existing heating method to a  
6 natural gas-fired heating device that will serve as the primary heating method for the  
7 home.

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

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

16 (2) to which natural gas is not available; or

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

18 **Sec. 18.56.873. Natural gas home heating conversion loan fund.** (a) The  
19 natural gas home heating conversion loan fund is established in the corporation. The  
20 loan fund consists of money appropriated to the corporation for natural gas home  
21 heating conversion loans under AS 18.56.870.

22 (b) Loans made under this program

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

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

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

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

27 (A) the cost of converting to a natural gas-fired heating device  
28 as the primary heating method, as estimated by an energy rater under  
29 AS 18.56.870(b); or

30 (B) \$7,500.

31 (c) The natural gas home heating conversion loan fund may be used to

1                   (1) make loans to owners of eligible homes for the purpose of  
2 financing conversion to a natural gas-fired heating device to be used as the primary  
3 heating method in an eligible home;

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

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

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