

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSHB 118(FIN)
Fiscal Note Number:	2
(H) Publish Date:	4/12/2016

Identifier: HB118CS(CRA)-DCCED-AEE-01-20-16
 Title: MUNI ENERGY IMPROVEMNT
 ASSESSMNTS/BONDS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: (H)Finance

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Alaska Energy Authority
 Allocation: Statewide Project Development, Alternative
 Energy and Efficiency
 OMB Component Number: 2888

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Updated to 2016 form, updated analysis.

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 Approved By: Catherine Reardon, Director
 Agency: Division of Administrative Services, DCCED

Phone: (907)771-3012
 Date: 01/18/2016 12:40 PM
 Date: 01/20/16

REPORTED OUT OF
HFC 04/11/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION**Analysis**

The legislation would provide the opportunity for local governments to create a Property Assessed Clean Energy (PACE) financing mechanism. PACE would incentivize energy efficiency improvements to commercial buildings by allowing a local government financing option as part of property tax assessments.

Thirty-two other states have created similar financing structures. Under a PACE program, interested business owners first have their buildings audited to determine potential energy savings. They then can apply for financing, including from traditional lending sources (loan programs, local lenders, etc.), that is repaid through an addition to their property tax assessment that may be in place for up to 20 years. In the Interior, the PACE financing mechanism can incentivize conversion to natural gas.

HB 118 would allow local governments and businesses to opt-in on a voluntary basis to adopt PACE financing mechanisms. Lenders are provided with additional certainty of repayment while business owners are traditionally supportive because it allows them to finance improvements over an extended period of time with low-cost capital.

There is no fiscal impact to the Alaska Energy Authority, or the state of Alaska, with the passage of this proposed legislation.