

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

April 12, 2022

3:31 p.m.

MEMBERS PRESENT

Senator Shelley Hughes, Chair
Senator Robert Myers, Vice Chair
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Lyman Hoffman
Senator David Wilson

COMMITTEE CALENDAR

HOUSE BILL NO. 227

"An Act relating to municipal energy and resilience improvement assessment programs; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 227

SHORT TITLE: MUNI ENERGY IMPROVEMNT ASSESSMENT PROGRAM

SPONSOR(S): REPRESENTATIVE(S) SCHRAGE

01/18/22	(H)	PREFILE RELEASED 1/7/22
01/18/22	(H)	READ THE FIRST TIME - REFERRALS
01/18/22	(H)	ENE, CRA
01/20/22	(H)	ENE AT 10:15 AM ADAMS 519
01/20/22	(H)	Heard & Held
01/20/22	(H)	MINUTE(ENE)
01/27/22	(H)	ENE AT 10:15 AM ADAMS 519
01/27/22	(H)	Moved HB 227 Out of Committee
01/27/22	(H)	MINUTE(ENE)
01/31/22	(H)	ENE RPT 4DP 2NR
01/31/22	(H)	DP: ZULKOSKY, CLAMAN, FIELDS, SCHRAGE
01/31/22	(H)	NR: KAUFMAN, RAUSCHER
03/01/22	(H)	CRA AT 8:00 AM BARNES 124
03/01/22	(H)	Heard & Held
03/01/22	(H)	MINUTE(CRA)

03/03/22 (H) CRA AT 8:00 AM BARNES 124
 03/03/22 (H) Moved HB 227 Out of Committee
 03/03/22 (H) MINUTE (CRA)
 03/07/22 (H) CRA RPT 3DP 3NR 1AM
 03/07/22 (H) DP: DRUMMOND, HANNAN, SCHRAGE
 03/07/22 (H) NR: PATKOTAK, PRAX, MCCABE
 03/07/22 (H) AM: MCCARTY
 03/24/22 (H) SESSION CANCELED 3/23 - ON 3/24
 CALENDAR
 03/24/22 (H) TECHNICAL SESSION 3/24 - ON 3/28
 CALENDAR
 03/28/22 (H) ADJOURNED TO 3/29 CALENDAR
 03/29/22 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
 03/29/22 (S) -- MEETING CANCELED --
 03/31/22 (H) SESSION CANCELED 3/29 - ON 3/30
 CALENDAR
 03/31/22 (H) SESSION CANCELED 3/30 - ON 3/31
 CALENDAR
 03/31/22 (H) TECHNICAL SESSION 3/31 - ON 4/4
 CALENDAR
 04/04/22 (H) TRANSMITTED TO (S)
 04/04/22 (H) VERSION: HB 227
 04/05/22 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
 04/05/22 (S) -- MEETING CANCELED --
 04/06/22 (S) READ THE FIRST TIME - REFERRALS
 04/06/22 (S) CRA, L&C
 04/07/22 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
 04/07/22 (S) -- MEETING CANCELED --
 04/12/22 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE CALVIN SCHRAGE

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of the HB 227.

SHAINA KILKOYNE, Energy and Sustainability Manager

Solid Waste Services;

Co-leader Alaska C-PACE Program

Municipality of Anchorage

Anchorage, Alaska

POSITION STATEMENT: Presented the slideshow Alaska C-PACE during the hearing on HB 227.

RYAN JOHNSTON, Staff

Representative Calvin Schrage

Alaska State Legislature
Anchorage, Alaska

POSITION STATEMENT: Presented the sectional analysis for HB 227.

MELANIE LUCAS-CONWELL, Manager
49th State Angel Fund;
Co-leader Alaska C-PACE Program
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Provided information during the hearing on HB 227.

ACTION NARRATIVE

[3:31:07 PM](#)

CHAIR SHELLEY HUGHES called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Gray-Jackson, Myers, and Chair Hughes.

HB 227-MUNI ENERGY IMPROVEMNT ASSESSMENT PROGRAM

[3:31:48 PM](#)

CHAIR HUGHES announced the consideration of HOUSE BILL NO. 227 "An Act relating to municipal energy and resilience improvement assessment programs; and providing for an effective date."

[3:32:19 PM](#)

REPRESENTATIVE CALVIN SCHRAGE, Alaska State Legislature, Juneau, Alaska, sponsor of HB 227, introduced the legislation speaking to the sponsor statement that read as follows:

Property Assessed Clean Energy (PACE) is an innovative financing mechanism that enables owners of commercial and industrial properties to obtain fixed rate, long-term financing through private lenders for energy efficiency and renewable energy projects and pay the costs back over time through a voluntary assessment on the property tax. PACE attaches the loan to the property, rather than the borrower. If the property is sold, the loan transfers to the new owner. With lower energy costs, building owners unlock positive cash flow for their businesses and increase their buildings' value from day 1.

Passed in 2017, the statute allows local governments to create and manage C-PACE programs. The Municipality of Anchorage launched the state's first program in April 2021. Other regions are interested in launching a program and are reviewing administration options. While program administration is offset by administrative fees, staff capacity is still required to maintain the program and review applications. Alaska's statute is based on Texas's C-PACE statute. Based on the growing success of C-PACE, lawmakers around the country are adding new eligible uses of C-PACE. Several statutory clean-ups will ensure efficient statewide promulgation and will greatly facilitate investment in our building stock, especially at a time when economic development is needed most.

House Bill 227 aims to expand C-PACE in Alaska by:

1. Allowing new construction financing
2. Allowing Resiliency projects
3. Allowing C-PACE refinancing
4. Considering Market Values rather than assessed values
5. Eliminating the Savings-to-Investment Ratio (SIR)

HB 227 changes serve the common goal of creating a large, thriving and active C-PACE market, which in turn will benefit Alaskans. These amendments were developed in coordination with the Municipality of Anchorage and the Alaska Energy Authority using the best practices & lessons learned in the Lower 48. In all cases, C-PACE assists property owners in dealing with the up-front cost of property upgrades that create a public benefit.

HB 227 will help municipalities and boroughs statewide achieve the greatest overall environmental and economic development benefits at no cost to state or local governments.

[3:35:49 PM](#)

CHAIR HUGHES asked whether wind resistance would be included under resiliency.

REPRESENTATIVE SCHRAGE said he didn't believe so but he would check.

RYAN JOHNSTON, Staff, Representative Calvin Schrage, Alaska State Legislature, Juneau, Alaska, advised that Shaina Kilkoynne was the resident expert and she had a presentation that potentially would answer many of the questions about the Commercial Property Assessment Clean Energy (C-PACE) program.

[3:37:16 PM](#)

SHAINA KILKOYNE, Energy and Sustainability Manager, Solid Waste Services; Co-leader Alaska C-PACE Program; Municipality of Anchorage, Anchorage, Alaska, stated that she could talk about Alaska's existing C-PACE Program, C-PACE at the national level, and what HB 227 does to improve the program.

MS. KILCOYNE began the presentation by highlighting the important properties of the C-PACE Program.

Businesses pay an administrative fee to participate, which offsets the cost to operate and administer the program, so there is no cost to the taxpayers.

The program is voluntary. Tax-assessing cities and boroughs can choose to opt in and businesses can choose to participate.

C-PACE is not a subsidy, tax credit or tax incentive. All financing is private and the municipality serves as a middle man to help reduce the risk of the project, which serves to activate projects and investment

MS. KILCOYNE advanced to slide 3 and reviewed the history of C-PACE. It is a government policy that supports commercial clean energy projects as a public benefit similar to a sewer or road extension or the MatSu Borough switching to natural gas. The enabling statute passed in 2017, allowing taxing jurisdictions to create a program. The Alaska Energy Authority created the PACE Advisory Group to get the program started. A Department of Energy grant made it possible for the advisory group to hire both McKinley Capital Group to do a market study and PACE Financial Servicing to help with program design, implementation, and administration. Together they worked with municipalities and boroughs to develop the PACE handbook and set the stage for a single program statewide.

[3:40:15 PM](#)

MS. KILCOYNE reviewed the reasons that Alaska needs a PACE program, as outlined on slide 4:

Priority Lien: Existing mortgage or lienholders must give written consent to the assessment. Without consent, there is no project.

Transferable: The assessment is tied to the property, not the property owner. This reduces the risk for both the borrower and the lender.

No Upfront Project Cost: A property owner may invest without using money from out of pocket. Hard and soft costs may be included in the loan, including engineering and permitting.

Requires Project to Pencil Out: The statute requires the project to have a savings-to-investment ratio (SIR) of at least one. This ensures that the investment will pay for itself based on the savings on the energy bills. Projects are expected to be cash flow positive from the start.

Increases Property Value: Installing advanced technology mechanisms improve operations and the value of the building.

Long term, fixed-rate, nonrecourse financing: C-PACE reduces the risk for lenders. Better interest rates are available for longer term financing. Longer term means 20 years or the length of the project, whichever is shorter. This can help a project pencil out. The financing is nonrecourse meaning it is tied to the real asset, not the property owner or their assets. Interest rates are market based, but typically low due to the high security of repayment attached to the property tax bill. The program is intended to reduce risk for all parties, which helps to put downward pressure on rates.

[3:42:53 PM](#)

MS. KILCOYNE turned to the map of the US on slide 5 to highlight C-PACE programs nationwide. She reported that 37 states and Washington, DC have C-PACE enabling legislation. Nationwide, more than \$2 billion has been invested in 2,560 Commercial PACE projects, creating 24,000 jobs. She acknowledged that the numbers were a little outdated. Nevertheless, the programs in other states have provided many examples throughout the development process of Alaska C-PACE. She noted that the Alaska legislation was among the most restrictive in the country.

MS. KILCOYNE advised that the Anchorage C-PACE program launched April 1, 2021. They have been in touch with Juneau, Sitka, the Kenai Peninsula Borough, the MatSu Borough, and Fairbanks. She offered her understanding that the MatSu Borough and Fairbanks were waiting to move forward pending action on HB 227. She highlighted that the advisory committee has worked from the beginning to create a single C-PACE program statewide. This would avoid a patchwork of programs throughout the state that lenders, contractors, and engineering companies would have to learn about individually. When the Anchorage advisory group created their program guidelines, the idea was to develop a handbook that could be replicated statewide. The goal was to keep costs low and provide simple, standard guidelines. She noted that Anchorage C-PACE had several partial applications, which is within the expected range, based on programs nationwide.

[3:45:06 PM](#)

MS. KILCOYNE advanced to slide 7, Current C-PACE Eligibility. She relayed that as the administrator, the municipality's role is to determine whether the property owner, the property, and the project are eligible. She highlighted that the property owner and lender would go through the full underwriting process, including looking at debt coverage ratio to determine the applicant's eligibility to pay. In the near term the projects will be those over \$300,000, but the hope is to have C-PACE projects that are \$40,000 and \$50,000.

MS. KILCOYNE pointed out that under the Project column, one of the eligibility bullets was savings to investment ratio (SIR). She reiterated that over the life of the investment, the savings to the property owner must be more than the financing for the project. She noted that an additional requirement is that the financing may not exceed 20 percent of the assessed value of the property at the time of the application. She said there is also a possible waiver to increase the financing cap to 50 percent. She noted that the Municipality of Anchorage supports those two provisions.

MS. KILCOYNE advanced to slide 8, What Measures Are Eligible For C-PACE Financing Today? She pointed to the examples of eligible improvements and explained that eligible means the installation or modification of permanent improvements intended to reduce energy consumption, energy costs, or emissions that affect local air quality. An LED lamp, for example, would not be eligible because it is not permanent.

[3:47:00 PM](#)

MS. KILCOYNE reviewed delinquency and default as outlined on slide 9.

C-PACE liens are paramount to all liens except municipal tax liens and other existing special assessments.

The municipality or borough is responsible for recording the benefit assessment once the application is complete, billing per the repayment schedule, processing payments from the borrower, and remitting payments to the lender per the schedule. Municipalities or boroughs are not guaranteeing collection of funds. In the event of delinquency, the municipality or borough would follow its existing proceedings and is not required to pay the capital lender. The loan is sold with the property and the new owner will make any delinquent payments, payments in arrears or interest. This is non-accelerating so there would only be one or two back payments if any.

Nationally, there have been no foreclosures as a result of a delinquent C-PACE assessment.

[3:48:21 PM](#)

MS. KILCOYNE stated that the provisions proposed in HB 227 are based on best practices and come directly from project developers and energy professionals. With these changes the Alaska C-PACE program will align with C-PACE programs in the Lower 48. She noted that projects already have been excluded because of restrictions in the existing program. HB 227 will ensure municipalities and boroughs start with the best possible program.

MS. KILCOYNE advanced to slide 11, New Construction. She advised that new construction is allowed in 25 states in the Lower 48 and has comprised about half the C-PACE transactions in the last two years. Alaska C-PACE statutes are based on the Texas model and that state is working to change its statutes to allow new construction. Alaska C-PACE has had multiple inquiries about new construction of very large projects. This would offer developers more opportunities for financing and facilitate more energy efficient buildings, which would provide a host of benefits for decades to come.

[3:50:48 PM](#)

MS. KILCOYNE discussed resiliency projects that support public policy goals, speaking to the bullet points on slide 12. In response to Chair Hughes earlier question, she confirmed that

projects that enhance wind resistance are included. The list read as follows:

- seismic improvements
- fire hardening, fire or wind resistance
- stormwater management, flood mitigation and protection
- erosion management
- water or wastewater efficiency including reuse and energy recovery
- microgrids for energy storage and backup power generation
- electric vehicle charging infrastructure
- retrofitting that improves the envelope, structure, or systems of the building, and any other improvement project approved by a municipality as a resilience improvement project

MS. KILCOYNE noted that Alaska will receive more than \$50 million in the next five years for EV charging infrastructure.

[3:52:49 PM](#)

MS. KILCOYNE reviewed refinancing C-PACE projects as outlined on slide 13:

AS 29.5.160 defines "finance" and "financing" to include "refinancing" throughout AS 29.55.100 - 29.55.165.

- Explicitly allows traditional refinancing of loans
- Allows refinancing of completed eligible projects

MS. KILCOYNE reviewed slide 14, Refer to 25% of Market Value. HB 227 amends the current statute to base the loan on the market value instead of the assessed value and increases the percentage to 25 percent the market value of the property. Market values tend to be higher than assessed values so this change will provide more flexibility to capture the value of the improvements. This is more in keeping with industry standards. This change is particularly important for new construction.

MS. KILCOYNE reviewed slide 15, 30 Year Max and No SIR. She highlighted the following:

Extends the current requirement that the loan does not exceed 20-30 years. This is more in line with the industry standard because many improvements can have a 30-year useful life.

If new construction and resiliency are allowed, the government-designed savings-to-investment ratio (SIR) requirements are not appropriate. They often generate counterproductive results and the test does not measure a property owner's to pay.

Capital providers are able to employ more appropriate measures to assess credit worthiness, such as debt service coverage ratio. Mortgage lenders already use these metrics to decide whether to lend on a project.

CHAIR HUGHES asked Mr. Johnston to go through the sectional analysis.

[3:57:35 PM](#)

RYAN JOHNSTON, Staff, Representative Calvin Schrage, Alaska State Legislature, Anchorage, Alaska reviewed the sectional analysis for HB 227. It read as follows:

Section 1: Adds "resilience" language to AS 29.10.200(64) to conform with the addition of resilience projects in AS 29.55.100(a).

Section 2: Adds "resilience" language to AS 29.35.200 (b) to conform with the addition of resilience projects in AS 29.55.100(a).

Section 3: Adds "resilience" language to AS 29.35.210(a) to conform with the addition of resilience projects in AS 29.55.100(a).

Section 4: Adds "resilience" language to AS 29.35.210(b) to conform with the addition of resilience projects in AS 29.55.100(a).

Section 5: Adds new construction and resiliency projects to the possible projects for a municipal program. Adds a definition of resilience projects.

Section 6:

Adds "resilience" language to AS 29.55.100(b) to conform with the addition of resilience projects in AS 29.55.100(a).

Section 7:

Clarifies language allowing for the municipality to collect fees for the administration of the program.

Section 8:

Adds "resilience" language to AS 29.55.105(a) to conform with the addition of resilience projects in AS 29.55.100(a).

Section 9:

Adds "resilience" language to AS 29.55.105(c) to [conform] with the addition of resilience projects in AS 29.55.100(a).

Adds capitalized interest, interest reserves, escrow for prepaid property tax or insurance and capitalized extended manufacturer's warranty or maintenance agreement costs during the period of the assessment, to the list of costs that could be repaid by the assessment.

[3:58:43 PM](#)

REPRESENTATIVE SCHRAGE interjected that this section adds clarity so municipalities are assured of cost recovery in the administration of the program.

[3:59:03 PM](#)

MR. JOHNSTON resumed paraphrasing the Sectional Analysis:

Section 10:

Amends the assessment maximum period from 20 years to 30 years.

Section 11:

Amends the total financing for a project from 20% of the assessed value of the property to 25% of the market value of the property.

Section 12:

Adds language so that an assessment may repay financing for costs of a project completed within the past two years.

Section 13:

Adds "resilience" language to AS 29.55.110(a) to confirm with the addition of resilience projects in AS 29.55.100(a).

Amends the ratio between the amount of the assessment and the value of the property, to use the "Market Value" of the property instead of the "Assessed Value".

Section 14:

Adds "resilience" language to AS 29.55.115 to confirm with the addition of resilience projects in AS 29.55.100(a).

Makes a technical change for the correction of "days'"

Section 15:

Adds "resilience" language to AS 29.55.120 to confirm with the addition of resilience projects in AS 29.55.100(a).

Section 16:

Adds "resilience" language to AS 29.55.125 to confirm with the addition of resilience projects in AS 29.55.100(a).

Section 17:

Adds "or a lien for an assessment" to ensure that a lien on an assessment is not removed from a property in the case of foreclosure.

Section 18:

Adds "resilience" language to AS 29.55.140 (a) to confirm with the addition of resilience projects in AS 29.55.100(a).

Section 19:

Adds "resilience" language to AS 29.55.140(d) to confirm with the addition of resilience projects in AS 29.55.100(a).

Section 20:

Adds "resilience" language to AS 29.55.150 to confirm with the addition of resilience projects in AS 29.55.100(a).

Section 21:

Adds to the Definitions section, AS 29.55.160, that "finance" and "financing" includes refinancing of an existing project.

Section 22:

Adds "resilience" language to AS 29.55.165 to confirm with the addition of resilience projects in AS 29.55.100(a).

Section 23:

Repeals AS 29.55.105(d)(1) and AS 29.55.105(h).

Section 24:

Gives the bill an immediate effective date.

[4:01:11 PM](#)

CHAIR HUGHES asked what Section 23 repeals.

MR. JOHNSTON answered HB 227 proposes to repeal AS 29.55.105(d)(1) to conform with allowing new construction. HB 227 proposes to repeal AS 29.55.105(h) to conform with the SRI change from a 20 percent to 25 percent value.

[4:02:21 PM](#)

SENATOR MYERS noted that with the change from 20 percent to 25 percent, there is also a change from assessed value to market value. He asked whether a market appraisal would be required for projects, and if so, would that value have to be disclosed to the municipality.

REPRESENTATIVE SCHRAGE responded that there is flexibility as to whether an appraisal would be required. Using the assessed value would still be an option, but using the fair market value for new construction would qualify the project for a higher level of financing. If a market value assessment is done and used to support the financing, the information would need to be submitted to the municipality because the municipality manages the financing.

[4:03:37 PM](#)

CHAIR HUGHES asked Ms. Kilcoyne if she would like to comment because the property taxes might go up if market values are used to support the financing.

MS. KILCOYNE agreed with Representative Schrage that the assessed value could still be used, but if the market value

or as-built value is used it would have to be submitted to the municipality to verify compliance with the eligibility requirements.

REPRESENTATIVE SCHRAGE pointed out that a property owner could get a market assessment done privately to determine which valuation to use for the financing. The fair market valuation would not have to be disclosed unless the owner decided to base the financing on that valuation. Regardless, the assessed value of the property would also go up once the property is developed.

[4:05:14 PM](#)

SENATOR MYERS voiced support for the notion that the property owner would be able to make the decision about which valuation to use for financing the project and therefore what is disclosed to the municipality.

CHAIR HUGHES questioned the reason that the municipality, which is acting as the middle man, needed information about the market value when it is the private lender that is taking all the risk.

REPRESENTATIVE SCHRAGE said it's a good question because it speaks to the core of what the bill seeks to achieve. It isn't a loan that the property owner is getting from the lending institution. It is a lien that is placed on the property and repaid through property taxes. That lien travels with the property not the property owner so the financial institution doesn't have to worry about default or bankruptcy. If the property is sold or lost, the new owner picks up the assessed property tax payments. That is part of what allows the financial institution to de-risk their lien and provide the money at a lower interest rate, thus lowering the cost of capital.

REPRESENTATIVE SCHRAGE explained that because the program is using the municipal property tax authority, it is important for the municipality to be able to vet the financial arrangements to ensure they fall within the municipality's objectives. The reason HB 227 removes the savings to investment ratio and some of the other restrictions is to give municipalities the flexibility to establish sideboards on their custom programs to achieve their specific objectives. The bill doesn't prevent a municipality from adding restrictions but the requirements in the original bill were too restrictive.

[4:09:02 PM](#)

SENATOR GRAY-JACKSON sought clarity on how the program works and if the lien payment is in addition to the note payment.

REPRESENTATIVE SCHRAGE confirmed that it is a voluntary additional property tax assessment that is added to the regular property tax. The municipality remits the voluntary assessment to the financial institution.

[4:10:14 PM](#)

SENATOR GRAY-JACKSON asked what benefit the municipality receives by collecting a note on behalf of the lender.

REPRESENTATIVE SCHRAGE answered that the financial institution's investment is de-risked; that lowers the cost of capital in the municipality, which encourages the developer to make further investments.

CHAIR HUGHES recounted three additional benefits to municipalities: 1) the property values will increase, so municipalities will be able to collect more taxes; 2) some improvements will also increase safety; and 3) the savings frees money for future economic growth for a business, which benefits the economy and thus the municipality.

CHAIR HUGHES asked whether the bills would be combined or separate.

REPRESENTATIVE SCHRAGE said his understanding was it would be one bill, but Ms. Kilcoyne might know for certain.

MS. KILCOYNE answered that it is up to the jurisdiction, but the Municipality of Anchorage has chosen to separate the bills.

[4:13:42 PM](#)

CHAIR HUGHES asked whether HB 227 covers improvements to prevent a roof from collapsing due to snow load.

MS. KILCOYNE answered that is not explicitly listed under resiliency, but it could be added. She relayed that her understanding is that the definition of resiliency in statute is not limited to the items listed. She thought that it would be covered if the improvement was within the scope of the resiliency definition. It would be up to the jurisdiction to add that.

REPRESENTATIVE SCHRAGE highlighted that the last bullet about resiliency on slide 12 was taken directly from page 3, line 26 of the bill. It read:

...retrofitting that improves the envelope, structure, or systems of the building, and any other improvement project approved by a municipality as a resilience improvement project.

REPRESENTATIVE SCHRAGE stated that improving a roof to hold a snow load is absolutely within the scope of HB 227 and a municipality that stands up this program could include that as a resiliency project.

[4:15:13 PM](#)

SENATOR GRAY-JACKSON asked whether the note includes the interest and whether the client receives a lower interest rate than through traditional financing.

REPRESENTATIVE SCHRAGE answered yes, that is the intent. A person may get either a larger loan or the same amount of money at a lower interest rate.

SENATOR GRAY-JACKSON asked for the basis of the interest rate.

REPRESENTATIVE SCHRAGE answered that it is up to the financial institution to determine the parameters of a given loan. It would depend on a number of factors like the cost of capital and federal interest rates. He pointed out that if the same lender and the same property owner were looking at a conventional loan, the interest rate would be lower with the property assessed lien nearly every time.

[4:16:46 PM](#)

SENATOR MYERS commented that based on Alaska's history, this program could prove helpful to avoid the boom-and-bust construction cycles of the past. Especially during the pipeline boom buildings were constructed with speed in mind, not energy efficiency and resiliency. It seems the idea behind this program is largely to increase confidence among lenders. He asked about adding a 20-30 year sunset date to HB 227 on the theory that the private sector will have taken it over by then so government involvement would not be required.

REPRESENTATIVE SCHRAGE pointed out that the program simply establishes a new financing mechanism that eventually may become the conventional mechanism with the municipality just facilitating the transaction. He said he didn't believe that the bill introduced much risk, but he was open to discussing a sunset date if it helped build consensus about the bill.

[4:20:38 PM](#)

SENATOR GRAY-JACKSON asked whether the municipality's administrative fees would be attached to the note.

CHAIR HUGHES commented that it could be a little tricky if the sunset date is in 30 years and somebody takes advantage of the program 15 years from now and the term of the loan is set for 20 years.

CHAIR HUGHES asked whether a property owner who has taken advantage of the program would be required to disclose the voluntary tax lien if they decided to sell the property.

REPRESENTATIVE SCHRAGE answered yes, the seller would have to disclose the lien on the property.

CHAIR HUGHES mentioned the possibility of a waiver for the total financing to be up to 50 percent. She asked if that would be based on assessed or market value of the property and whether that would be the private lender's decision or a joint decision between the municipality and the lender. She also asked what factors would be considered to grant that high percentage.

REPRESENTATIVE SCHRAGE said he believes that it's 50 percent of the assessed value, but he would defer to Ms. Kilcoyne.

[4:22:23 PM](#)

MS. KILCOYNE answered that she didn't see the waiver mentioned in the bill, but it wouldn't be needed if market value is used. She said she would get back to the committee with a definitive answer or defer to Ms. Lucas-Conwell.

REPRESENTATIVE SCHRAGE clarified that Section 23 repeals AS 29.55.105(h), and that removes the 50 percent waiver.

CHAIR HUGHES asked Ms. Lucas-Conwell if she had any information that the committee should know.

[4:23:43 PM](#)

MELANIE LUCAS-CONWELL, Manager, 49th State Angel Fund, Municipality of Anchorage, Anchorage, Alaska, stated that she and Shaina Kilcoyne were the co-leaders of the C-PACE Program. She said she was taking notes as Ms. Kilcoyne answered the committee's questions so that they could be added to the FAQs. She added that the municipality had been in discussions with the representatives from programs nationwide and that it was her

hope that passage of HB 227 would result in C-PACE having increased impact in Alaska.

[4:24:40 PM](#)

CHAIR HUGHES asked whether the word "resilience" was defined in statute.

REPRESENTATIVE SCHRAGE directed attention to the language [starting on] page 3, line 21 of the bill that defines what is included under "building resilience."

[4:25:21 PM](#)

CHAIR HUGHES acknowledged that the resilience improvement projects listed in the bill included the phrase "any other improvement project" but she wondered about specifically adding language about the weight of snow being a bona fide resilience improvement project.

CHAIR HUGHES asked Representative Schrage if he had any closing remarks.

REPRESENTATIVE SCHRAGE said his office would be happy to work with the committee to ensure that snow weight resiliency is included in the bill. He thanked the chair for the opportunity to present the bill, which enhances the existing program that has broad support.

[4:26:49 PM](#)

CHAIR HUGHES held HB 227 in committee.

[4:27:14 PM](#)

There being no further business to come before the committee, CHAIR HUGHES adjourned the Senate Community and Regional Affairs Standing Committee meeting at 4:27 p.m.