

CS FOR HOUSE BILL NO. 154(ENE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ENERGY

Offered: 4/19/23

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to subsidiary corporations of the Alaska Housing Finance**
2 **Corporation; establishing the Alaska energy independence fund; and providing for an**
3 **effective date."**

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

5 * **Section 1.** AS 18.56.010 is amended by adding a new subsection to read:

6 (h) The legislature finds that permitting the Alaska Housing Finance
7 Corporation to create a subsidiary to assist in the financing of sustainable energy
8 development serves a public purpose benefitting the people of the state. The Alaska
9 Housing Finance Corporation is empowered to act on behalf of the state and its people
10 in serving this public purpose for the benefit of the general public.

11 * **Sec. 2.** AS 18.56.086(a) is amended to read:

12 (a) The corporation may create subsidiary corporations for the purpose of
13 financing or facilitating the financing of school construction, facilities for the
14 University of Alaska, facilities for ports and harbors, the acquisition, development,

management, or operation of affordable housing, prepayment of all or a portion of a governmental employer's share of unfunded accrued actuarial liability of retirement systems, sustainable energy development, or other capital projects. A subsidiary corporation created under this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the corporation to a subsidiary created under this section. A subsidiary created under this section may borrow money and issue bonds as evidence of that borrowing, and has all the powers of the corporation that the corporation grants to it. However, a subsidiary created for the purpose of financing or facilitating the financing of prepayment of a governmental employer's share of unfunded accrued actuarial liability of retirement systems may borrow money and issue bonds only after submitting a proposal to the Legislative Budget and Audit Committee under (b) of this section, if the state bond rating is the equivalent of AA- or better, and subject to AS 37.15.903. Unless otherwise provided by the corporation, the debts, liabilities, and obligations of a subsidiary corporation created under this section are not the debts, liabilities, or obligations of the corporation.

* **Sec. 3.** AS 18.56.090(e) is amended to read:

(e) In furtherance of its corporate purpose, the corporation may, in cooperation with the Alaska Energy Authority, provide technical assistance to

(1) municipalities **that is** related to residential and commercial building energy codes and energy efficiency standards; and

(2) support or establish public, quasi-public, or nonprofit entities that provide financial assistance for sustainable energy development projects in the state, including community and low-income lenders and capital providers.

* **Sec. 4.** AS 18.56 is amended by adding a new section to article 6 to read:

Sec. 18.56.870. Alaska energy independence fund. (a) The Alaska energy independence fund is established in the corporation to carry out the purposes of AS 18.56.010(h) and this section. The Alaska energy independence fund consists of money or assets appropriated or transferred to the corporation, including federal grants, money and assets deposited in the fund by the corporation, unrestricted loan payments, and interest or other income earned on loans, investments, or assets of the

1 fund. The corporation may establish separate accounts in the fund.

2 (b) Money and other assets of the Alaska energy independence fund may be
3 used to

4 (1) make loans for the purpose of financing sustainable energy
5 development in the state;

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

8 (3) provide capital, or leverage private capital, for the purpose of
9 financing sustainable energy development in the state in the form of

10 (A) loan guarantees on third-party financing;

11 (B) credit enhancements;

12 (C) equity capital;

13 (D) indirect funding to public, quasi-public, or nonprofit
14 entities that provide financial and technical assistance for sustainable energy
15 development at the regional, tribal, or local level, including community and
16 low-income lenders and capital providers; and

17 (E) other financial products or services approved by the
18 corporation in regulation;

19 (4) pay the costs of administering the fund; and

20 (5) pay the costs of administering and enforcing the terms of loans
21 made by the corporation from the fund.

22 (c) The corporation is the fiduciary of the Alaska energy independence fund
23 under AS 37.10.071 and may invest amounts in the fund in accordance with an
24 investment policy adopted by the corporation. To promote sustainable energy
25 development in the state, the investment policy adopted by the corporation may
26 deviate from the prudent investor rule set out in AS 13.36.230 - 13.36.290.
27 Notwithstanding AS 37.10.010 - 37.10.040, the corporation may disburse money from
28 the fund in accordance with AS 37.25.050. Notwithstanding AS 37.05.130 and
29 37.05.140, the corporation shall report a disbursement from the fund annually in
30 accordance with generally accepted accounting principles. An appropriation made to
31 the fund by the legislature shall be transferred to the corporation for deposit in the

1 fund.

2 (d) The corporation shall establish the interest rates, security provisions, and
3 other terms of a loan made under this section. The corporation shall take into
4 consideration the corporation's cost of funds and other factors the corporation
5 considers appropriate.

6 (e) In addition to other security that may be given with respect to a loan made
7 under this section, the corporation may require a deed of trust on a building that is the
8 subject of the sustainable energy development loan and the real estate on which the
9 building is located.

10 (f) The corporation may contract with the Alaska Energy Authority to provide
11 technical review, energy infrastructure expertise, or analysis of proposed sustainable
12 energy development loans.

13 (g) The corporation may use the Alaska energy independence fund to make a
14 loan guarantee that exceeds \$20,000,000 only with legislative approval.

15 (h) In managing the fund, the corporation shall consider the state energy
16 policy described in AS 44.99.115 and shall prioritize sustainable energy development
17 that supports energy efficiency and renewable energy for residential buildings,
18 commercial buildings, and community facilities.

19 (i) The corporation shall administer the Alaska energy independence fund in
20 accordance with regulations adopted by the corporation. The corporation may adopt
21 regulations under AS 18.56.088 to carry out the purposes of this section.

22 (j) Nothing in this section creates a dedicated fund.

23 * **Sec. 5.** AS 18.56.900 is amended by adding a new paragraph to read:

24 (3) "sustainable energy development" means

25 (A) renewable energy generation from sources that are
26 continually replenished by nature, such as the sun, wind, water, or biological
27 processes;

28 (B) building energy efficiency, including switching to
29 renewable fuels and electrification;

30 (C) electrical infrastructure incorporating

31 (i) energy storage to support clean energy distribution,

1 including remote and non-remote microgrids and smart-grid
2 applications; or

3 (ii) sustainable technologies, including distributed
4 generation, advanced battery, and combined heat and power;

5 (D) clean transportation, including

6 (i) electric vehicles powered by batteries, hydrogen
7 vehicles, plug-in hybrid electric vehicles, and other zero-emissions
8 vehicles for consumers, businesses, government, and public transit; and

9 (ii) electric vehicle charging and fueling infrastructure;

10 or

11 (E) any greenhouse gas emissions reduction, energy efficiency,
12 or zero-emission technology approved by the corporation.

13 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).