

SENATE BILL NO. 125

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/5/23

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to subsidiary corporations of the Alaska Housing Finance**
2 **Corporation; and establishing the Alaska energy independence fund."**

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

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

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

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

11 (a) The corporation may create subsidiary corporations for the purpose of
12 financing or facilitating the financing of school construction, facilities for the
13 University of Alaska, facilities for ports and harbors, the acquisition, development,
14 management, or operation of affordable housing, prepayment of all or a portion of a

1 governmental employer's share of unfunded accrued actuarial liability of retirement
 2 systems, **sustainable energy development**, or other capital projects. A subsidiary
 3 corporation created under this section may be incorporated under AS 10.20.146 -
 4 10.20.166. The corporation may transfer assets of the corporation to a subsidiary
 5 created under this section. A subsidiary created under this section may borrow money
 6 and issue bonds as evidence of that borrowing, and has all the powers of the
 7 corporation that the corporation grants to it. However, a subsidiary created for the
 8 purpose of financing or facilitating the financing of prepayment of a governmental
 9 employer's share of unfunded accrued actuarial liability of retirement systems may
 10 borrow money and issue bonds only after submitting a proposal to the Legislative
 11 Budget and Audit Committee under (b) of this section, if the state bond rating is the
 12 equivalent of AA- or better , and subject to AS 37.15.903. Unless otherwise provided
 13 by the corporation, the debts, liabilities, and obligations of a subsidiary corporation
 14 created under this section are not the debts, liabilities, or obligations of the
 15 corporation.

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

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

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

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

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

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

1 shall establish the interest rates, security provisions, and other terms of a loan made
2 under this section taking into consideration the corporation's cost of funds and other
3 factors the corporation considers appropriate.

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

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

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

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

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

13 (B) credit enhancements;

14 (C) equity capital;

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

19 (E) other financial products or services approved by the
20 corporation in regulation;

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

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

24 (c) The corporation shall have custody of the Alaska energy independence
25 fund and shall be responsible for the fund's management. The corporation is the
26 fiduciary of the fund under AS 37.10.071 and may invest amounts in the fund in
27 accordance with an investment policy adopted by the corporation. In order to promote
28 sustainable energy development in the state, the investment policy adopted by the
29 corporation may deviate from the prudent investor rule. Notwithstanding
30 AS 37.10.010 - 37.10.040, the corporation may make disbursements from the fund in
31 accordance with AS 37.25.050. Notwithstanding AS 37.05.130 and 37.05.140, the

1 corporation shall report disbursements from the fund annually in accordance with
 2 generally accepted accounting principles. An appropriation made to the fund by the
 3 legislature shall be transferred to the corporation for deposit in the fund.

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

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

11 (f) Unless the corporation has obtained legislative approval, the corporation
 12 may not use the Alaska energy independence fund to make a loan guarantee if the
 13 amount of the guarantee exceeds \$20,000,000.

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

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

21 (i) Nothing in this section creates a dedicated fund.

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

23 (3) "sustainable energy development" means

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

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

29 (C) electrical infrastructure incorporating

30 (i) energy storage to support clean energy distribution,
 31 including remote and non-remote microgrids and smart-grid

1 applications; and
2 (ii) other sustainable technologies, including distributed
3 generation, advanced battery, and combined heat and power;
4 (D) clean transportation, including
5 (i) battery electric vehicles, hydrogen vehicles, plug-in
6 hybrid electric vehicles, and other zero-emissions vehicles for
7 consumers, businesses, government, and public transit; and
8 (ii) electric vehicle charging and fueling infrastructure;
9 (E) any other greenhouse gas emissions reduction, energy
10 efficiency, or zero-emission technology approved by the corporation.