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1 IN THE SENATE

BY THE RESOURCES COMMITTEE

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HOUSE CS FOR CS FOR SENATE BILL NO. 438

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to energy: to the conservation of  
7 energy, the development and use of alternative energy  
8 systems, and modifying state and local taxes to encour-  
9 age energy conservation; and providing for an effective  
10 date."

11

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

12

\* Section 1. DECLARATION OF POLICY. It is the policy of the state to  
13 encourage and facilitate the implementation of energy conservation measures  
14 relating to in-state energy use. This policy shall be implemented by

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(1) the state setting an example of wise and efficient energy use,  
16 by designing and managing public buildings and their energy systems to meet  
17 appropriate standards for energy efficiency;

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(2) providing incentives for the design and modification of resi-  
19 dential, commercial, and industrial buildings to accomplish maximum energy  
20 efficiency; and

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(3) establishing mandatory energy efficiency standards for build-  
22 ings purchased or constructed with state financial assistance.

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\* Sec. 2. AS 14.40.260 is amended by adding a new paragraph to read:

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(7) develop and offer at one or more of the senior college or  
25 community college campuses a continuing professional education program  
26 for architects, engineers, building officials, and officers and employ-  
27 ees of financial institutions on alternative energy systems and on  
28 energy conservation and solar design and construction methods applicable  
29 to the state.

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1 \* Sec. 3. AS 29.33.080 is amended by adding a new subsection to read:

2 (g) Exceptions may be granted to building, housing and related  
3 codes by the planning commission when an applicant for an exception  
4 demonstrates that the exception will result in increased energy effi-  
5 ciency, unless the planning commission determines that the exception  
6 would endanger the health or safety of the public.

7 \* Sec. 4. AS 29.33.090(c) is amended by adding a new paragraph to read:

8 (7) encourage efficiency in the use of energy and the sub-  
9 stitution of energy from renewable sources for energy from fossil fuels.

10 \* Sec. 5. AS 29.48.020 is amended by adding a new paragraph to read:

11 (7) establish or participate in with the federal and state  
12 government loan programs for housing rehabilitation and improvement for  
13 conservation of energy.

14 \* Sec. 6. AS 29.48.035(14) is amended to read:

15 (14) building, housing and related codes, which may be pro-  
16 vided by cities within cities or, in the manner required in (b) or (c)  
17 of this section, by first or second class boroughs in the borough area  
18 outside cities or areawide, subject to the following: [;]

19 (A) exceptions to requirements of the codes may be made  
20 in the codes among other reasons, in order to provide for the  
21 preservation, maintenance and protection of historic sites, build-  
22 ings and monuments;

23 (B) codes may not be used to prohibit or restrict the  
24 development or use of solar or wind energy except if the assembly  
25 or council finds that the development or use of solar or wind  
26 energy would endanger the health or safety of the public;

27 \* Sec. 7. AS 29.53.060(a) is amended to read:

28 (a) The assessor shall assess property at its full and true value  
29 as of January 1 of the assessment year, except as provided in this

1 section and AS 29.53.030, 29.53.033, 29.53.035, and 29.53.160. The full  
2 and true value is the estimated price which the property would bring in  
3 an open market and under the then prevailing market conditions in a sale  
4 between a willing seller and a willing buyer both conversant with the  
5 property and with prevailing general price levels.

6 \* Sec. 8. AS 29.53 is amended by adding a new section to read:

7 Sec. 29.53.033. ALTERNATIVE ENERGY SYSTEMS. (a) For 15 years  
8 after the year in which an alternative energy system is installed in the  
9 building or structure, the assessor may not include the value of the  
10 alternative energy system in the assessment of the full and true value  
11 of the building or structure in which it is installed. The assessor  
12 shall maintain separate assessment records showing the full and true  
13 value of the building or structure and its value without inclusion of  
14 the value of the alternative energy system. The assessor shall report  
15 both assessed values of the building or structure to the taxpayer in a  
16 notice of assessment under AS 29.53.110.

17 (b) The provisions of (a) of this section do not apply unless the  
18 alternative energy system, when installed, provides

19 (1) at least 10 percent of the average annual hot water  
20 energy needs of the building or structure in which it has been in-  
21 stalled; or

22 (2) at least 10 percent of the average annual thermal, elec-  
23 trical or mechanical energy needs of the building or structure in which  
24 it has been installed.

25 (c) In this section "alternative energy system"

26 (1) means a source of thermal, mechanical or electrical  
27 energy which is not dependent on fossil fuels for the supply of energy  
28 for space heating and cooling, refrigeration and cold storage, elec-  
29 trical power, mechanical power, or the heating of water;

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(2) includes

(A) an alternative energy property as defined by sec. 48(1)(3)(A)(i) - (iv) and (vi) - (viii) of the Internal Revenue Code (26 U.S.C. sec. 48(1)(3)(A)(i) - (iv) and (vi) - (viii));

(B) a method of architectural design and construction which provides for the collection, storage and use of direct radiation from the sun; and

(C) any other device approved by the commissioner of commerce and economic development under AS 44.33.040(12);

(3) does not include power production facilities operated by a public utility.

\* Sec. 9. AS 34.15 is amended by adding a new section to article 1 to read:

Sec. 34.15.145. SOLAR EASEMENT. (a) An easement obtained for the purpose of protecting the exposure of property to the direct rays of the sun must be created in writing and is subject to the recording requirements for other conveyances of real property.

(b) An instrument creating a solar easement must include, but is not limited to,

(1) the vertical and horizontal angles, expressed in degrees, at which the solar easement extends over the real property subject to the solar easement;

(2) any terms or conditions under which the solar easement is granted or under which it will be terminated;

(3) any provisions for compensation of the owner of the property benefiting from the solar easement in the event of interference with the enjoyment of the solar easement, or compensation of the owner of the property subject to the solar easement for maintaining the solar easement.

1 \* Sec. 10. AS 43.20 is amended by adding a new section to read:

2 Sec. 43.20.037. TRADE OR BUSINESS ENERGY CONSERVATION CREDIT. (a)

3 A person engaged in a trade or business is allowed as a credit against  
4 the tax due under this chapter 35 percent of the cost of

5 (1) purchasing, constructing, and installing an alternative  
6 energy system or an energy conservation improvement; and

7 (2) the cost of labor for the installation of an alternative  
8 energy system or an energy conservation improvement.

9 (b) The credit granted by (a) of this section is limited to  
10 \$5,000.

11 (c) A credit may not be claimed for an alternative energy system  
12 under this section unless the system, when installed, provides

13 (1) at least 30 percent of the average annual hot water  
14 energy needs of the building or structure in which it has been in-  
15 stalled; or

16 (2) at least 10 percent of the average annual thermal,  
17 electrical or mechanical energy needs of the building or structure in  
18 which it has been installed.

19 (d) In this section

20 (1) "alternative energy system"

21 (A) means a source of thermal, mechanical or electrical  
22 energy which is not dependent on fossil fuels for the supply of  
23 energy for space heating and cooling, refrigeration and cold  
24 storage, electrical power, mechanical power, or the heating of  
25 water;

26 (B) includes

27 (1) an alternative energy property as defined by  
28 sec. 48(1)(3)(A)(i) - (iv) and (vi) - (viii) of the Internal Reve-  
29 nue Code (26 U.S.C. sec. 48(1)(3)(A)(i) - (iv) and (vi) - (viii));

1 (ii) a method of architectural design and construc-  
2 tion which provides for the collection, storage and use of direct  
3 radiation from the sun; and

4 (iii) any other device approved by the commissioner  
5 of commerce and economic development under AS 44.33.040(12);

6 (2) "energy conservation improvement" means

7 (A) structural insulation;

8 (B) thermal windows and doors;

9 (C) a furnace replacement burner designed to achieve a  
10 reduction in the amount of fuel consumed as a result of increased  
11 combustion efficiency;

12 (D) a device for modifying flue openings designed to  
13 increase the efficiency of operation of the heating system;

14 (E) an electrical or mechanical furnace ignition system  
15 which replaces a gas pilot light;

16 (F) an automatic energy saving setback thermostat;

17 (G) a meter which displays the cost of energy usage;

18 (H) caulking and weatherstripping of doors and windows;

19 (I) insulating shades and shutters;

20 (J) air and water recuperators;

21 (K) any other energy saving device approved by the  
22 commissioner of commerce and economic development under AS 44.33.-  
23 040(12).

24 \* Sec. 11. AS 43.40.100(2) is amended by adding a new subparagraph to  
25 read:

26 (F) fuel which is at least 10 percent alcohol by volume.

27 \* Sec. 12. AS 44.33.040 is amended by adding new paragraphs to read:

28 (12) by regulation,

29 (A) adopt or revise thermal and lighting energy stan-

1 dards applicable to buildings and structures, except for public  
2 facilities;

3 (B) determine whether a device qualifies as an alter-  
4 native energy system or an energy conservation improvement;

5 (13) direct the development of use of solar energy in the  
6 state;

7 (14) promote the efficient use of energy resources;

8 (15) encourage and aid local programs which promote the effi-  
9 cient use of energy;

10 (16) establish, by regulations adopted in accordance with the  
11 Administrative Procedure Act (AS 44.62), a training and certification  
12 program for persons performing energy audits as defined in AS 46.11.-  
13 900(2).

14 \* Sec. 13. AS 44.42.020(a) is amended by adding a new paragraph to read:

15 (14) adopt energy performance standards for public facilities  
16 of the state, the construction of which begins after the effective date  
17 of this paragraph; the standards shall be based on thermal and lighting  
18 energy standards established by the American Society of Heating, Refrig-  
19 eration and Air Conditioning Engineers as adapted to application in high  
20 latitude, cold climate environs.

21 \* Sec. 14. AS 44.42.055(b)(4)(F) is amended to read:

22 (F) [THE] relative costs of identified alternatives  
23 (life cycle cost analysis) including but not limited to the install-  
24 ation and operation of energy systems which are not dependent on  
25 fossil fuels for water heating, space heating and cooling require-  
26 ments, and for the generation of electrical or mechanical power;

27 \* Sec. 15. AS 44.42 is amended by adding a new section to read:

28 Sec. 44.42.065. CONSERVATION OF ENERGY IN PUBLIC BUILDINGS. (a)  
29 The department shall, as soon as practicable after the effective date of

1 this Act, and at least once every seven years thereafter, perform an  
2 energy audit of each public building. A report of the results of the  
3 energy audits performed during the preceding year shall be submitted to  
4 the legislature not later than February 1, of each year.

5 (b) The department shall include in the report required in (a) of  
6 this section recommendations for corrective measures to improve the  
7 energy efficiency and to minimize the life-cycle cost of the public  
8 buildings surveyed. These measures may include (1) energy conservation  
9 measures, (2) measures involving solar technology and other alternative  
10 energy systems, (3) energy management, and (4) maintenance and operating  
11 procedures and energy-related modifications. In recommending the cor-  
12 rective measures, the department shall give priority to changes in  
13 maintenance and operating procedures over measures requiring substantial  
14 structural modification or installation of equipment.

15 (c) In this section, "energy audit" means a determination of

16 (1) the energy consumption characteristics of a building,  
17 including the size, type, and rate of energy consumption of major energy  
18 consuming systems of the building and the climate characterizing the  
19 region where the building is located; and

20 (2) a determination of the energy conservation and cost  
21 savings likely to result from appropriate energy-conserving maintenance  
22 and operating procedures and modifications, including the purchase and  
23 installation of energy-related fixtures.

24 \* Sec. 16. AS 44.47.080 is amended to read:

25 Sec. 44.47.080. PLANNING ASSISTANCE TO PLATTING AUTHORITIES. To  
26 facilitate [URBAN] planning in municipalities which exercise planning  
27 and zoning authority [CITIES AND OTHER POLITICAL SUBDIVISIONS], the  
28 department may provide planning assistance, including but not limited to  
29 surveys, land-use studies, urban renewal plans, technical services,

1 model acts which include regulations designed to encourage development  
2 and use of energy systems not dependent on fossil fuels, and other plan-  
3 ning work to a city, borough, or other platting authority. In an area  
4 under the jurisdiction, for planning purposes, of a city, borough, or  
5 other platting authority, the department may not perform the planning  
6 work except at the request or with the consent of the local authority.

7 \* Sec. 17. AS 44.56.224 is repealed and re-enacted to read:

8       Sec. 44.56.224. LONG-TERM ENERGY PLAN. The Department of Commerce  
9 and Economic Development, assisted by the authority, shall, after public  
10 hearings, prepare and annually revise a long-term energy plan. The  
11 plan, and its annual revisions, shall be submitted to the commissioners  
12 of the departments of the executive branch of the government for review  
13 and to the governor for his approval. After approval, the plan shall be  
14 submitted to the legislature not later than February 1 of each year.  
15 The plan, and its annual revisions, shall include

16           (1) an "end-use" study examining and reporting on the nature  
17 and amount of energy used and the purpose of its use; and

18           (2) an energy development component for meeting projected  
19 thermal, electrical and transportation energy needs in the state at the  
20 lowest reasonable cost, including environmental and social costs,  
21 consistent with acceptable standards of reliability, giving an equal  
22 consideration as practicable to all types of energy sources (except  
23 those based on nuclear fuels) which are technologically feasible, and  
24 which promote the efficient use of facilities and fuels consistent with  
25 energy conservation goals, and the considerations specified in AS 44.-  
26 56.180(e);

27           (3) an energy conservation component, including but not  
28 limited to,

29                   (A) conservation goals for reducing consumption of

1 energy, identifying the region for which applicable, and the source  
2 or type of energy to which the goals are applicable; and

3 (B) specific methods and means for achieving the goals  
4 of (A) of this paragraph;

5 (4) a component for emergency energy conservation measures  
6 applicable during times of emergency; and

7 (5) a report on areas or subjects of research and development  
8 and demonstration projects involving alternative energy systems, local  
9 energy sources, and energy conservation.

10 \* Sec. 18. AS 45.88.010 is amended to read:

11 Sec. 45.88.010. FUND ESTABLISHED. There is established in the  
12 Department of Commerce and Economic Development the alternative tech-  
13 nology and energy [POWER RESOURCE] revolving loan fund to carry out the  
14 purposes of this chapter. Loans made under this chapter may be used

15 (1) to develop means of energy production utilizing energy  
16 sources other than fossil or nuclear fuel, including, but not limited  
17 to, windmills, water and solar energy [POWER] devices; and

18 (2) [. IN ADDITION, LOANS MADE UNDER THIS CHAPTER MAY BE  
19 USED] to develop and implement methods of energy production, waste  
20 disposal, recycling, food production, transportation, building design,  
21 and industrial enterprise which may be more efficient, less costly, and  
22 less energy intensive than those methods presently utilized and which  
23 are appropriate to the Alaska environment [THE FUND MAY BE USED FOR NO  
24 OTHER PURPOSES].

25 \* Sec. 19. AS 45.88.020(a)(1) is amended to read:

26 (1) make loans for the purchase, construction, and installa-  
27 tion of alternative energy systems [POWER RESOURCES] and for the develop-  
28 ment and implementation of more efficient, less costly, less energy  
29 intensive, and more appropriate technologies;

1 \* Sec. 20. AS 45.88.030(a) is amended to read:

2 (a) A loan for the development of an alternative energy system  
3 [POWER RESOURCE] or for the development or implementation of a northern  
4 technology under this chapter may not exceed \$10,000.

5 \* Sec. 21. AS 45.88.030(c) is amended to read:

6 (c) Loans made under this chapter may be used to finance [NO MORE  
7 THAN 50 PERCENT OF]

8 (1) the cost of purchase, construction, and installation of  
9 an [THE] alternative energy system which is likely to result in energy  
10 conservation or energy cost savings; [POWER RESOURCE] or

11 (2) the development and implementation of methods of [ENERGY  
12 PRODUCTION,] waste disposal, recycling, food production, transportation,  
13 building design, and industrial enterprise which may be more efficient,  
14 less costly, and less energy intensive than those methods presently  
15 utilized and which are appropriate to the Alaska environment.

16 \* Sec. 22. AS 45.88.030(d) is amended to read:

17 (d) All principal and interest payments on loans made under this  
18 chapter shall be paid into the alternative technology and energy [POWER  
19 RESOURCE] revolving loan fund.

20 \* Sec. 23. AS 45.88.030(e) is amended to read:

21 (e) The rate of interest

22 (1) for a loan, other than a loan described in (2) of this  
23 subsection, may not exceed nine and one-half percent a year on the  
24 unpaid balance of the loan;

25 (2) for a loan the proceeds of which are used for an alter-  
26 native energy system

27 (A) is three percent, if the loan is made before  
28 January 1, 1982;

29 (B) is six percent, if the loan is made after

1           December 31, 1981, and before January 1, 1984;

2                   (C) is nine and one-half percent, if the loan is made  
3           after December 31, 1983.

4 \* Sec. 24. AS 45.88 is amended by adding a new section to read:

5           Sec. 45.88.050. DEFINITIONS. In this chapter, "alternative energy  
6           system"

7                   (1) means a source of thermal, mechanical or electrical  
8           energy which is not dependent on oil or gas or a nuclear fuel for the  
9           supply of energy for space heating and cooling, refrigeration and cold  
10          storage, electrical power, mechanical power, or the heating of water;

11                   (2) includes

12                           (A) an alternative energy property as defined by sec.  
13           48(1)(3)(A) of the Internal Revenue Code (26 U.S.C. sec. 48(1)-  
14           (3)(A));

15                           (B) a method of architectural design and construction  
16           which provides for the collection, storage and use of direct radia-  
17           tion from the sun; and

18                           (C) any other device approved by the commissioner of  
19           commerce and economic development under AS 44.33.040(12);

20 \* Sec. 25. AS 45 is amended by adding a new chapter to read:

21           CHAPTER 89. RESIDENTIAL ENERGY CONSERVATION FUND.

22           Sec. 45.89.010. FUND ESTABLISHED. There is established in the  
23           Department of Commerce and Economic Development the residential energy  
24           conservation fund to carry out the purposes of this chapter. Grants and  
25           loans made under this chapter may be used to purchase, construct, and  
26           install an energy conservation improvement in residential buildings.  
27           The fund may be used for no other purpose.

28           Sec. 45.89.020. GRANTS. (a) The department may make grants for  
29           the purchase, construction, and installation of an energy conservation

1 improvement in a residential building if the person applying for a grant  
2 demonstrates, on the basis of an energy audit, that the expenditures of  
3 the grant for the purchase, construction or installation of the energy  
4 conservation improvement would be exceeded by reduced energy costs  
5 attributable to the purchase, construction or installation of the energy  
6 conservation improvement within seven years.

7 (b) A grant made under this section may not exceed

8 (1) \$300 for a single-family dwelling; or

9 (2) \$200 for each unit in a multi-unit residential building.

10 (c) The department

11 (1) shall establish simple procedures for the payment of a  
12 grant to an applicant within 30 days of submission to the department of  
13 an application by the applicant, if the application is supported by  
14 receipts for expenditures which comply with the results of an energy  
15 audit;

16 (2) may establish procedures for payment of grants before the  
17 purchase, construction or installation of an energy conservation im-  
18 provement.

19 Sec. 45.89.030. LOANS. (a) The department may make loans for the  
20 purchase, construction, and installation of an energy conservation  
21 improvement in a residential building.

22 (b) A loan for the purchase, construction, and installation of an  
23 energy conservation improvement under this chapter may not exceed the  
24 lesser of

25 (1) an amount, as determined by an energy audit, which is  
26 equal to the estimated total energy cost saving attributable to the  
27 energy conservation improvement at a date which is 10 years after pur-  
28 chase, construction, or installation of the energy conservation im-  
29 provement; or

1 (2) \$5,000.

2 (c) A loan for the purchase, construction, and installation of an  
3 energy conservation improvement under this chapter may be made for only  
4 an energy conservation improvement which has been recommended, in an  
5 energy audit, as a measure which is likely to result in energy conserva-  
6 tion or energy cost savings.

7 (d) A loan made under this chapter may be used to finance

8 (1) all of the cost of purchasing, constructing, and install-  
9 ing an energy conservation improvement; and

10 (2) the costs of labor for the installation of an energy  
11 conservation improvement.

12 (e) Interest may not be charged on a loan made under this chapter.

13 (f) The duration of repayment of a loan made under this chapter  
14 may not exceed 10 years.

15 (g) The department may not require security for a loan under this  
16 section. When a loan is made under this section, the department may  
17 require the loan applicant to present copies of invoices or billings for  
18 expenses which the proceeds of the loan will be used to pay.

19 (h) Amounts repaid on a loan made under this section shall be  
20 deposited to the residential energy conservation fund.

21 (i) A person who receives a loan under this section and knowingly  
22 uses the loan proceeds for purposes other than those set out in (d) of  
23 this section is guilty of the crime of misapplication of property under  
24 AS 11.46.620.

25 Sec. 45.89.040. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a) The  
26 commissioner may sell or transfer at par value or at a premium or dis-  
27 count to any bank or other private purchaser for cash or other con-  
28 sideration the mortgages and notes held by the department as security  
29 for loans made under this chapter.

1 (b) The commissioner may sell or transfer at par value to the  
2 Department of Revenue the mortgages and notes held by the department as  
3 security for loans made under this chapter. The Department of Revenue  
4 may purchase the mortgages and notes offered.

5 Sec. 45.89.100. DEFINITIONS. In this chapter

6 (1) "commissioner" means the commissioner of commerce and  
7 economic development;

8 (2) "department" means the Department of Commerce and Eco-  
9 nomic Development;

10 (3) "energy audit" means

11 (A) an energy audit completed under AS 46.11.030; or

12 (B) an energy audit performed under sec. 215(b)(1)(A) of  
13 the federal residential energy conservation program of the National  
14 Energy Conservation Policy Act (42 U.S.C. 8216(b)(1)(A));

15 (4) "energy conservation improvement" means

16 (A) structural insulation;

17 (B) thermal windows and doors;

18 (C) a furnace replacement burner designed to achieve a  
19 reduction in the amount of fuel consumed as a result of increased  
20 combustion efficiency;

21 (D) a device for modifying flue openings designed to  
22 increase the efficiency of operation of the heating system;

23 (E) an electrical or mechanical furnace ignition system  
24 which replaces a gas pilot light;

25 (F) an automatic energy saving setback thermostat;

26 (G) a meter which displays the cost of energy usage;

27 (H) caulking and weatherstripping of doors and windows;

28 (I) insulating shades and shutters;

29 (J) air and water recuperators;

1 (K) any other energy saving device approved by the  
2 commissioner of commerce and economic development under AS 44.33.-  
3 040(12).

4 \* Sec. 26. AS 46 is amended by adding a new chapter to read:

5 TITLE 46. WATER, AIR, ENERGY, AND ENVIRONMENTAL CONSERVATION.

6 CHAPTER 11. CONSERVATION OF ENERGY AND MATERIALS.

7 Sec. 46.11.010. THERMAL AND LIGHTING ENERGY STANDARDS FOR PUBLIC  
8 BUILDINGS. (a) All public facilities of the state, the construction of  
9 which begins after the effective date of this Act, shall be designed to  
10 comply with the thermal and lighting energy standards adopted by the  
11 Department of Transportation and Public Facilities under AS 44.42.-  
12 020(a)(14).

13 (b) By June 30, 1988, all public facilities of the state existing  
14 on the effective date of this Act shall be modified, to the extent  
15 economically feasible, to comply with the thermal and lighting energy  
16 standards adopted by the Department of Transportation and Public Facili-  
17 ties under AS 44.42.020(a)(14).

18 Sec. 46.11.020. TRAINING OF PUBLIC BUILDING MAINTENANCE PERSONNEL.  
19 Persons responsible for the maintenance of public buildings designed  
20 with energy conservation or production features shall be trained by the  
21 department in the use and operation of those features.

22 Sec. 46.11.030. ENERGY AUDITS. (a) The Department of Commerce  
23 and Economic Development shall

24 (1) establish criteria for the performance of energy audits  
25 of commercial and industrial buildings located in the state;

26 (2) establish criteria for the performance of energy audits  
27 of residences located in the state;

28 (3) develop a program by which to advise persons certified  
29 under AS 44.33.040(16) to perform energy audits of contracts to be

1 awarded for performance of energy audits.

2 (b) The commissioner of commerce and economic development may  
3 contract with persons certified under AS 44.33.040(16) to perform energy  
4 audits. The commissioner may negotiate contracts or make contracts on  
5 the basis of competitive bids.

6 (c) The Department of Commerce and Economic Development may con-  
7 tract with a municipality for the performance of energy audits in the  
8 municipality.

9 (d) A person requesting an energy audit is required to pay for the  
10 audit. The fee for an audit of a one- or two-family residence requested  
11 before January 1, 1982, is \$25 and \$60 thereafter. The fee for an audit  
12 of other residences or of a commercial or industrial building shall be  
13 established by regulations adopted, in accordance with the Administra-  
14 tive Procedure Act (AS 44.62), by the commissioner of commerce and  
15 economic development.

16 (e) The Department of Commerce and Economic Development shall  
17 reimburse persons performing energy audits in the state for the cost, in  
18 excess of fees received, of performing energy audits. In this subsec-  
19 tion "cost" includes administrative cost.

20 Sec. 46.11.040. APPLICABILITY OF THERMAL AND LIGHTING ENERGY STAN-  
21 DARDS TO PRIVATE BUILDINGS. State financial assistance may not be ap-  
22 proved or granted for the construction of a new residential or commercial  
23 building if construction of the building begins after December 31, 1980,  
24 unless

25 (1) the building is in compliance with thermal and lighting  
26 energy standards;

27 (2) the building is in compliance with the building code of a  
28 municipality and the municipal building code meets or exceeds the ther-  
29 mal and lighting energy standards;

1 (3) the building

2 (A) is constructed under an exception to the municipal  
3 building code granted under AS 29.33.080(g); or

4 (B) is located or is to be located in an area where  
5 thermal and lighting energy standards are not justified because of  
6 the high cost of implementation of the standards, as determined  
7 under regulations adopted by the commissioner of commerce and  
8 economic development; or

9 (4) the applicant agrees, in writing, that the building will  
10 be brought into compliance with thermal and lighting energy standards  
11 within one year of conveyance.

12 Sec. 46.11.050. FINANCING OF ENERGY EFFICIENT HOMES AND BUILDINGS.

13 (a) A financial institution shall take into consideration the economic  
14 benefits of alternative energy systems, life-cycle energy costs, energy  
15 efficient building design, and energy conservation when financing homes  
16 and buildings with state financial assistance.

17 (b) A financial institution that makes home mortgage loans with  
18 money provided under AS 37.10.070 or a state agency which makes a direct  
19 home mortgage loan to an applicant shall include estimated heating and  
20 lighting costs as determined by an energy audit in standard principal,  
21 interest, taxes and insurance calculation of the cost of buying a  
22 housing unit.

23 Sec. 46.11.100. RECYCLING OF MATERIALS BY STATE AGENCIES. (a)

24 Each state agency shall to the greatest extent practicable recycle  
25 reusable materials, including but not limited to, paper, glass, and  
26 cans.

27 (b) The Department of Environmental Conservation shall encourage,  
28 through cooperative means, the adoption of all available and practicable  
29 methods throughout federal, state and local governments which recycle,

1 reuse and conserve materials.

2 Sec. 46.11.900. DEFINITIONS. In this chapter

3 (1) "alternative energy system"

4 (A) means a source of thermal, mechanical or electrical  
5 energy which is not dependent on oil or gas or a nuclear fuel for  
6 the supply of energy for space heating and cooling, refrigeration  
7 and cold storage, electrical power, mechanical power, or the  
8 heating of water;

9 (B) includes

10 (i) an alternative energy property as defined by  
11 sec. 48(1)(3)(A) of the Internal Revenue Code (26 U.S.C. sec.  
12 48(1)(3)(A));

13 (ii) a method of architectural design and construc-  
14 tion which provides for the collection, storage and use of direct  
15 radiation from the sun; and

16 (iii) any other device approved by the commissioner  
17 of commerce and economic development under AS 44.33.040(12);

18 (2) "department" means the Department of Commerce and Econo-  
19 mic Development;

20 (3) "energy audit" means a determination and written summary  
21 prepared under AS 46.11.030 or sec. 215(b)(1)(A) of the National Energy  
22 Conservation Policy Act (42 U.S.C. 8216(b)(1)(A)) of

23 (A) the energy consumption characteristics of a build-  
24 ing, including the size, type, and rate of energy consumption of  
25 major energy consuming systems of the building and the climate  
26 characterizing the region where the building is located; and

27 (B) the energy conservation and cost savings likely to  
28 result from appropriate energy-conserving maintenance and operating  
29 procedures and modifications, including the purchase and installa-  
30

1           tion of energy-related fixtures; for purposes of this subparagraph  
2           when a fossil fuel is the energy source, the energy cost savings  
3           shall be determined with reference to the projected price of that  
4           fossil fuel over a 10-year period;

5           (4) "financial institution" means a bank, trust company,  
6           savings bank, savings and loan association, or credit union;

7           (5) "life-cycle cost" means the total cost of owning, oper-  
8           ating, and maintaining a building over its useful life, including its  
9           energy and fuel costs, determined on a basis of a systematic evaluation  
10          and comparison of alternative building systems, except that in the case  
11          of leased buildings the life-cycle cost shall be calculated over the  
12          effective remaining term of the lease:

13          (6) "new building" means a building the construction of which  
14          begins after December 31, 1980;

15          (7) "public building" means a building owned or controlled  
16          and held by the state for government or public use;

17          (8) "state financial assistance" means a loan, grant, guaran-  
18          tee, insurance, payment, rebate, subsidy, or other form of state assis-  
19          tance (other than aid under AS 43.18) including the purchase by a state  
20          agency of a loan to finance the construction of a new residential,  
21          commercial, or industrial building;

22          (9) "thermal and lighting energy standards" means the thermal  
23          and lighting energy standards established by the American Society of  
24          Heating, Refrigeration, and Air Conditioning Engineers as revised

25                 (A) by the commissioner of transportation and public  
26                 facilities under AS 44.42.020(a) for public facilities; or

27                 (B) by the commissioner of commerce and economic develop-  
28                 ment under AS 44.33.040(12) for buildings and structures which are  
29                 not public facilities.

1 \* Sec. 27. The Department of Commerce and Economic Development shall  
2 conduct an education program to inform the public of the contents of this Act  
3 and other government programs relating to energy conservation.

4 \* Sec. 28. A report of the results of the first energy audit completed  
5 by the Department of Transportation and Public Facilities under AS 44.42.065,  
6 added by sec. 15 of this Act, shall be submitted to the legislature not later  
7 than January 31, 1982.

8 \* Sec. 29. AS 43.20.037, enacted by sec. 10 of this Act, is repealed.

9 \* Sec. 30. AS 29.53.033, enacted by sec. 8 of this Act, is repealed.

10 \* Sec. 31. If an alternative energy system has been installed in a build-  
11 ing or structure before the repeal of AS 29.53.033 by sec. 30 of this Act,  
12 the assessor shall exclude the value of the alternative energy system for 15  
13 years after the year in which the alternative energy system was installed,  
14 notwithstanding the repeal of AS 29.53.033, from the determination of the  
15 full and true value of the building or structure.

16 \* Sec. 32. Sections 2 and 13 - 26 of this Act take effect July 1, 1980.

17 \* Sec. 33. Sections 7, 8, 10, and 11 of this Act take effect January 1,  
18 1981.

19 \* Sec. 34. Section 29 of this Act takes effect January 1, 1986.

20 \* Sec. 35. Sections 30 and 31 of this Act take effect January 1, 1988.

21 \* Sec. 36. Sections 1, 3 - 6, 9, 12, 27, 28, and 32 - 36 of this Act take  
22 effect immediately in accordance with AS 01.10.070(c).

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