

Introduced: 4/2/81  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 461

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to development of alternative energy  
7 sources and energy conservation."

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

9 \* Section 1. AS 45.88.010 is amended to read:

10 Sec. 45.88.010. FUND ESTABLISHED [[TERMINATES JUNE 30, 1984].

11 LIMITED EFFECTIVE DATE] There is established in the Department of Com-  
12 merce and Economic Development the alternative [TECHNOLOGY AND] energy  
13 [REVOLVING] loan fund to carry out the purposes of this chapter. Loans  
14 made under this chapter may be used

15 (1) to develop technically and economically feasible means  
16 of energy production for use in a personal residence or small business  
17 in which the primary energy source is a source [UTILIZING ENERGY  
18 SOURCES] other than fossil or nuclear fuel [, INCLUDING, BUT NOT LIMITED  
19 TO, WINDMILLS, WATER AND SOLAR ENERGY DEVICES]; and

20 (2) to develop technically and economically feasible energy  
21 conservation systems other than systems for residential heating [AND  
22 IMPLEMENT METHODS OF ENERGY PRODUCTION, WASTE DISPOSAL, RECYCLING, FOOD  
23 PRODUCTION, TRANSPORTATION, BUILDING DESIGN, AND INDUSTRIAL ENTERPRISE  
24 WHICH MAY BE MORE EFFICIENT, LESS COSTLY, AND LESS ENERGY INTENSIVE  
25 THAN THOSE METHODS PRESENTLY UTILIZED AND WHICH ARE APPROPRIATE TO THE  
26 ALASKA ENVIRONMENT].

27 \* Sec. 2. AS 45.88.020(a)(2) is amended to read:

28 (2) adopt [PROMULGATE] regulations necessary to carry out  
29 the provisions of this chapter.

1 \* Sec. 3. AS 45.88.020 is amended by adding a new subsection to read:

2 (c) The department shall

3 (1) give public notice of the availability of loans under  
4 this chapter at least quarterly in newspapers of general circulation in  
5 the state;

6 (2) prepare and distribute along with loan application  
7 forms, a brochure which describes the application procedures for a loan  
8 under this chapter and the purposes for which a loan may be made;

9 (3) contract with private credit reporting institutions to  
10 provide the credit history of applicants for loans under this chapter;

11 (4) contract with private financial institutions for the  
12 servicing of loans made under this chapter; and

13 (5) charge to and collect from borrowers reasonable fees for  
14 closing loans under this chapter.

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

16 Sec. 45.88.025. REVIEW OF ALTERNATIVE ENERGY SYSTEMS. (a) After  
17 the department receives an application for a loan to finance an alter-  
18 native energy system under this chapter, the department shall transmit  
19 the application to the Alaska Energy Center established by AS 45.12.-  
20 010. The Alaska Energy Center shall review the plans and specifications  
21 for the proposed alternative energy system to determine if the system  
22 is technically and economically feasible. The Alaska Energy Center  
23 shall complete the review required by this section within a reasonable  
24 time after the application is received.

25 (b) The Alaska Energy Center shall adopt regulations which estab-  
26 lish engineering, economic, and environmental standards for use in re-  
27 viewing the plans and specifications of an alternative energy system.

28 (c) A loan may not be made under this chapter unless the Alaska  
29 Energy Center determines that the alternative energy system is techni-

1 cally and economically feasible. If the Alaska Energy Center deter-  
2 mines that the alternative energy system is not technically feasible,  
3 the center shall set out the reasons for its determination in writing  
4 and shall send the determination to the department along with all other  
5 material received. If the center determines that the plans and speci-  
6 fications for the alternative energy system lack sufficient detail to  
7 perform a review, the center shall notify the loan applicant in writing  
8 of the information that must be provided by the applicant before it can  
9 complete the review required by this section.

10 \* Sec. 5. AS 45.88.030 is amended to read:

11 Sec. 45.88.030. LOAN TERMS [[TERMINATES JUNE 30, 1984]. LIMITED  
12 EFFECTIVE DATE] (a) A loan for the development of an alternative en-  
13 ergy system [OR FOR THE DEVELOPMENT OR IMPLEMENTATION OF A NORTHERN  
14 TECHNOLOGY] under this chapter may not exceed 90 percent of the cost of  
15 the system or \$100,000, whichever is less [\$10,000].

16 (b) The duration for repayment of the loan may not exceed 75 per-  
17 cent of the useful life of the alternative technology system as deter-  
18 mined by the department. However, the department may provide for a  
19 graduated interest rate for loans under the chapter and may defer the  
20 payment of principal and interest on a loan. The department may not  
21 provide for a graduated interest rate or defer payment unless the bor-  
22 rower agrees to repayment terms which preserve the present value of the  
23 amount loaned [20 YEARS].

24 (c) Loans made under this chapter may be used to finance

25 (1) the cost of purchase, construction, and installation  
26 of an alternative energy system which is technically and economically  
27 feasible and is likely to result in energy conservation or energy cost  
28 savings; or

29 (2) an alternative energy system which sells power to a pub-

1 lic utility only if the system is in compliance with regulations adopted  
2 by the Alaska Public Utilities Commission to implement 16 U.S.C. 824a  
3 [THE DEVELOPMENT AND IMPLEMENTATION OF METHODS OF WASTE DISPOSAL,  
4 RECYCLING, FOOD PRODUCTION, TRANSPORTATION, BUILDING DESIGN, AND INDUS-  
5 TRIAL ENTERPRISE WHICH MAY BE MORE EFFICIENT, LESS COSTLY, AND LESS  
6 ENERGY INTENSIVE THAN THOSE METHODS PRESENTLY UTILIZED AND WHICH ARE  
7 APPROPRIATE TO THE ALASKA ENVIRONMENT].

8 (d) All principal and interest payments and closing fees paid on  
9 loans made under this chapter shall be paid to the Department of Revenue  
10 for deposit in the general fund [INTO THE ALTERNATIVE TECHNOLOGY AND  
11 ENERGY REVOLVING LOAN FUND].

12 (e) The rate of interest

13 [(1)] for a loan under this chapter is the rate of interest  
14 for loans made by the Alaska Power Authority from the power project fund  
15 at the time the loan commitment is made by the department [, OTHER THAN  
16 A LOAN DESCRIBED IN (2) OF THIS SUBSECTION, MAY NOT EXCEED NINE AND  
17 ONE-HALF PERCENT A YEAR ON THE UNPAID BALANCE OF THE LOAN;

18 (2) FOR A LOAN THE PROCEEDS OF WHICH ARE USED FOR AN ALTER-  
19 NATIVE ENERGY SYSTEM

20 (A) IS FIVE PERCENT, IF THE LOAN IS MADE BEFORE JANUARY  
21 1, 1984;

22 (B) EQUALS THE PERCENTAGE OF THE AVERAGE WEEKLY YIELD  
23 OF MUNICIPAL BONDS FOR THE 12 MONTHS PRECEDING THE LOAN, AS DETER-  
24 MINED BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT  
25 FROM MUNICIPAL BOND YIELD RATES REPORTED IN THE 30-YEAR REVENUE  
26 INDEX OF THE WEEKLY BOND BUYER, FOR A LOAN MADE AFTER DECEMBER 31,  
27 1983].

28 \* Sec. 6. AS 45.88.500 is repealed and reenacted to read:

29 Sec. 45.88.500. DEFINITION. In this chapter, "small business"

1 means a business enterprise with annual gross income of \$10,000,000 or  
2 less for the fiscal year which ended immediately before the loan commit-  
3 ment is made.

4 \* Sec. 7. AS 45.89.020(b) is amended to read:

5 (b) A refund or grant made under this section for a dwelling  
6 which is not eligible for low-income assistance under AS 44.89.035 may  
7 not exceed

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

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

10 \* Sec. 8. AS 45.89.020(c) is amended to read:

11 (c) The department

12 (1) shall establish simple procedures for the payment of a  
13 refund to an applicant within 30 days after [OF] submission to the de-  
14 partment of an application by the applicant, if the application is sup-  
15 ported by receipts for expenditures which comply with the results of an  
16 energy audit;

17 (2) may establish procedures for the payment of a grant to  
18 an applicant before the purchase, construction or installation of an  
19 energy conservation improvement.

20 \* Sec. 9. AS 45.89.020 is amended by adding a new subsection to read:

21 (d) The dollar amounts in (b)(1) and (2) of this section change  
22 according to annual changes in the consumer price index for Anchorage  
23 compiled by the Bureau of Labor Statistics, United States Department of  
24 Labor. The index for November, 1980 is the reference base index. The  
25 change takes effect 30 days after the index for November of each year  
26 is published.

27 \* Sec. 10. AS 45.89 is amended by adding a new section to read:

28 Sec. 45.89.035. LOW INCOME ASSISTANCE. (a) The department may  
29 make a grant to an individual, municipality, or nonprofit corporation

1 to install energy conservation improvements in a building or dwelling  
2 in which a low-income individual resides.

3 (b) The department shall by regulation establish

4 (1) income standards for individuals who are eligible for  
5 assistance under this section;

6 (2) eligibility requirements for contractors of the grantee  
7 who install energy conservation improvements;

8 (3) the energy conservation improvements which may be made  
9 under this section; and

10 (4) the amount of assistance that may be provided to an in-  
11 dividual under this section.

12 (c) If energy conservation improvements in a building or dwelling  
13 is financed by a refund or grant made under AS 45.89.020(b), a low-  
14 income individual who later resides in the building or dwelling may re-  
15 ceive assistance under this section for other energy conservation im-  
16 provements. However, only one grant under this section may be made for  
17 each dwelling.

18 (d) Subject to appropriation, the cost of an energy audit for a  
19 dwelling in which a low-income individual resides shall be paid by the  
20 department.

21 \* Sec. 11. AS 46.11.030(d) is amended to read:

22 (d) A person requesting an energy audit to obtain financing for a  
23 loan or grant under AS 45.88 and AS 45.89 is entitled to be reimbursed  
24 90 percent of the amount charged by a person certified under AS 44.33.-  
25 040(16) to perform energy audits [IS REQUIRED TO PAY FOR THE AUDIT.  
26 THE FEE FOR AN AUDIT OF A ONE- OR TWO-FAMILY RESIDENCE IS \$10. THE FEE  
27 FOR AN AUDIT OF OTHER RESIDENCES OR OF A COMMERCIAL OR INDUSTRIAL  
28 BUILDING SHALL BE ESTABLISHED BY REGULATIONS ADOPTED, IN ACCORDANCE  
29 WITH THE ADMINISTRATIVE PROCEDURE ACT (AS 44.62), BY THE COMMISSIONER

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OF COMMERCE AND ECONOMIC DEVELOPMENT].

\* Sec. 12. Section 8, ch. 56, SLA 1979 and AS 46.11.030(e) are repealed.