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Referred: Rules

6-1116R

Original sponsor(s): REP. BROWN, M.Davis, MacLean, Hudson, Koponen, Goll

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR SS FOR HOUSE BILL NO. 358 (Finance) am S

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to minimum thermal and lighting  
7 energy standards; and providing for an effective  
8 date."

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

10 \* Section 1. AS 18.56.090 is amended to read:

11 Sec. 18.56.090. GENERAL POWERS. In addition to other powers  
12 granted in this chapter, the corporation may, for the purpose of  
13 providing housing for persons of lower and moderate income or persons  
14 located in remote, underdeveloped, or blighted areas of the state and  
15 for its other corporate purposes,

16 (1) [REPEALED

17 (2)] make or participate in the making of mortgage loans to  
18 sponsors, developers, builders, and purchasers of residential housing,  
19 if the corporation determines that

20 (A) mortgage loans are not otherwise available, wholly  
21 or in part, from private lenders upon reasonably equivalent terms  
22 and conditions; and

23 (B) the residential housing for which the mortgage  
24 loans are made complies with applicable provisions of AS 18.56.-  
25 096(c) and the applicable thermal and lighting energy standards  
26 of AS 46.11.040;

27 (2) [(3)] purchase or participate in the purchase of mort-  
28 gage loans made to sponsors, developers, builders, owners, and pur-  
29 chasers of residential housing, if the corporation

1 (A) has given approval before the initial making of  
2 the loan and has determined that mortgage loans were, at the time  
3 the approval was given, not otherwise available, wholly or in  
4 part, from private lenders upon reasonably equivalent terms and  
5 conditions, or

6 (B) has determined that

7 (i) the purchase or participation will result in  
8 additional residential housing, taking into account without  
9 limitation such factors as reinvestment of the proceeds of  
10 the sale in additional mortgage loans, increased avail-  
11 ability of mortgage loans insured by the federal government,  
12 its agencies or departments, the reduction, if any, of  
13 interest payments to be made with respect to mortgage loans,  
14 or such other factors as will tend to increase or improve  
15 the supply of residential housing within the state; and

16 (ii) the residential housing covered by the mort-  
17 gage loan complies with applicable provisions of AS 18.56.-  
18 096(c) and the applicable thermal and lighting energy stan-  
19 dards of AS 46.11.040;

20 (3) [(4)] make partial rental payments and mortgage inter-  
21 est payments under a contract with any housing owner if the payments  
22 will be applied to decrease rental or mortgage interest charges of  
23 persons of lower and moderate income or owners or purchasers of res-  
24 idential housing in remote, underdeveloped, or blighted areas of the  
25 state;

26 (4) [(5)] make loans from the housing development fund;

27 (5) [(6)] collect and pay reasonable fees and charges in  
28 connection with making, purchasing, and servicing its mortgages,  
29 loans, notes, bonds, certificates, commitments, and other evidences of

1       indebtedness;

2               (6) [(7)] acquire real property, or any interest in real  
3 property, in its own name, by purchase, transfer, or foreclosure, when  
4 the acquisition is necessary or appropriate to protect any loan in  
5 which the corporation has an interest; sell, transfer, and convey the  
6 property to a buyer; and, if the sale, transfer, or conveyance cannot  
7 be effected with reasonable promptness or at a reasonable price, rent  
8 or lease the property to a tenant pending the sale, transfer, or  
9 conveyance;

10               (7) [(8)] sell, at public or private sale, to any purchas-  
11 er, including the Federal National Mortgage Association, all or any  
12 part of a mortgage or other instrument or document securing a con-  
13 struction, land development, mortgage, or temporary loan of any type  
14 permitted by this chapter;

15               (8) [(9)] purchase, in order to meet the requirements of  
16 the sale of its mortgages to the Federal National Mortgage Associa-  
17 tion, stock of the Federal National Mortgage Association;

18               (9) [(10)] procure insurance against any loss in connection  
19 with its operation;

20               (10) [(11)] consent to the modification of the rate of  
21 interest, time of payment of any installment of principal or interest,  
22 or any other terms, of the mortgage loan, mortgage loan commitment,  
23 construction loan, temporary loan, contract, or agreement of any kind  
24 to which the corporation is a party;

25               (11) [(12)] borrow money as provided in this chapter to  
26 carry out and effectuate its corporate purposes; and issue its obliga-  
27 tions as evidence of borrowing;

28               (12) [(13)] include in any borrowing the amounts necessary to  
29 pay financing charges, interest on the obligations for a period not

1 exceeding one year after the date on which the corporation estimates  
2 funds will otherwise be available to pay the interest, consultant,  
3 advisory and legal fees, and other expenses that are necessary or  
4 incident to this borrowing;

5 (13) [(14)] under AS 18.56.088, adopt and publish regula-  
6 tions respecting its lending programs and other regulations that are  
7 necessary to effectuate its purposes;

8 (14) [(15)] provide technical and advisory services to  
9 sponsors, builders, and developers of residential housing and to  
10 residents of it;

11 (15) [(16)] promote research and development in scientific  
12 methods of constructing low-cost and energy-efficient residential  
13 housing of high durability;

14 (16) [(17)] make and execute agreements, contracts, and  
15 other instruments necessary or convenient in the exercise of the  
16 powers and functions of the corporation under this chapter, including  
17 contracts with any person, firm, corporation, governmental agency, or  
18 other entity;

19 (17) [(18)] receive, administer, and comply with the condi-  
20 tions and requirements respecting any appropriation or gift, grant, or  
21 donation of property or money;

22 (18) [(19)] sue and be sued in its own name;

23 (19) [(20)] adopt an official seal;

24 (20) [(21)] adopt bylaws for the regulation of its affairs  
25 and the conduct of its business and adopt regulations and policies in  
26 connection with the performance of its functions and duties;

27 (21) [(22)] employ fiscal consultants, engineers, attorneys,  
28 real estate counselors, appraisers, and other consultants and employ-  
29 ees that may be required in the judgment of the corporation, and fix

1 and pay their compensation from funds available to the corporation;

2 (22) [(23)] do all acts and things necessary, convenient, or  
3 desirable to carry out the powers expressly granted or necessarily  
4 implied in this chapter;

5 (23) [(24)] invest or reinvest, subject to its contracts with  
6 noteholders and bondholders, any money or funds held by the corpora-  
7 tion in any obligations or other securities or investments in which  
8 banks or trust companies in the state may legally invest funds held in  
9 reserves or sinking funds or any funds not required for immediate  
10 disbursement, and in certificates of deposit or time deposits secured  
11 by obligations of, or guaranteed by, the state or the United States;

12 (24) [(25)] REPEALED

13 (26) REPEALED

14 (27) REPEALED

15 (28)] purchase a mortgage loan made to refinance an existing  
16 mortgage loan, without regard to whether the corporation holds the  
17 existing mortgage loan, as long as the interest rate and fees charged  
18 to the borrower are sufficient to fully reimburse the corporation for  
19 all costs incurred by the corporation in purchasing the mortgage loan  
20 and as long as the borrower will be in compliance with AS 18.56.-  
21 096(a)(6) after purchase of the mortgage loan by the corporation.

22 \* Sec. 2. AS 18.56.096 is amended by adding a new subsection to read:

23 (c) The corporation may not make, participate in the making of,  
24 purchase, or participate in the purchase of a loan for a residential  
25 building if construction of the building begins after December 31,  
26 1991, unless the building complies with the thermal and lighting  
27 energy standards required by AS 46.11.040. The corporation

28 (1) may adopt regulations to implement this subsection; and

29 (2) shall, by regulation, establish

1 (A) procedures by which the person responsible for the  
2 construction of the building may demonstrate that the building  
3 complies with the thermal and lighting energy standards, includ-  
4 ing

5 (i) self-certification, if the contractor respon-  
6 sible for the building construction provides satisfactory  
7 evidence that the contractor has completed a training pro-  
8 gram of the Alaska Craftsman Home Program or equivalent  
9 training program and the training program is satisfactory to  
10 the commissioner of community and regional affairs;

11 (ii) submission of the certificate of a registered  
12 architect, registered engineer, or a building inspector, and  
13 the architect, engineer, or building inspector has completed  
14 a training program of the Alaska Craftsman Home Program or  
15 equivalent training program and the training program is  
16 satisfactory to the commissioner of community and regional  
17 affairs;

18 (iii) submission of the certificate of occupancy  
19 issued by the municipality in which the building is located,  
20 if the certificate is issued by a municipality in which the  
21 municipal building code meets or exceeds the thermal and  
22 lighting energy standards, as determined by the commissioner  
23 of community and regional affairs;

24 (iv) another method approved by the commissioner  
25 of community and regional affairs in regulations adopted by  
26 the commissioner after consultation with the executive  
27 director of the corporation; and

28 (B) criteria by which the energy conservation stan-  
29 dards may be met; for purposes of this subparagraph, the

1 residential building complies with the energy standards if the  
2 residence has received a rating under the rating system developed  
3 by Energy Rated Homes of Alaska if, in the judgment of the com-  
4 missioner of community and regional affairs, the rating meets or  
5 exceeds the thermal energy standards required by AS 46.11.040.

6 \* Sec. 3. AS 18.56.105 is amended to read:

7 Sec. 18.56.105. ALLOCATION OF LENDING ACTIVITIES. The corpora-  
8 tion shall designate regions within the state which in the aggregate,  
9 encompass the entire state. In participating in the making or pur-  
10 chasing of loans under AS 18.56.090(1) and (2) [AS 18.56.090(2) AND  
11 (3)] or under AS 18.56.100, the corporation shall make its money  
12 available through the private financial institutions in the state  
13 within each region designated by the corporation under this section.  
14 The corporation shall allocate its money among the regions on the  
15 basis of recent and future anticipated lending activity as well as the  
16 potential need for the loans in each region and may reallocate its  
17 money among the regions as it considers appropriate to reflect changes  
18 in lending activity or need in the regions.

19 \* Sec. 4. AS 18.56.110(g) is amended to read:

20 (g) Notwithstanding AS 18.56.090(11) [AS 18.56.090(12)] and (a)  
21 of this section, the corporation may not issue bonds in any 12-month  
22 period beginning after June 30, 1983, in an amount that exceeds the  
23 amount of bonds authorized to be issued during the preceding period,  
24 unless a different amount is authorized by the legislature. This  
25 subsection does not apply to the issuance by the corporation of re-  
26 funding bonds or to the issuance by the corporation of bonds the  
27 proceeds of which are intended to be used to refinance mortgage loans  
28 held by the corporation.

29 \* Sec. 5. Section 1, ch. 83, SLA 1980, is amended to read:

1           Section 1. DECLARATION OF POLICY. It is the policy of the state  
2 to encourage and facilitate the implementation of energy conservation  
3 measures relating to in-state energy use. This policy shall be imple-  
4 mented by

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

8           (2) providing incentives for the design and modification of  
9 residential [COMMERCIAL, AND INDUSTRIAL] buildings to accomplish  
10 maximum energy efficiency; and

11           (3) establishing mandatory energy efficiency standards for  
12 buildings purchased or constructed with state financial assistance.

13 \* Sec. 6. AS 46.11.040 is amended to read:

14           Sec. 46.11.040. APPLICABILITY OF THERMAL AND LIGHTING ENERGY  
15 STANDARDS TO RESIDENTIAL [PRIVATE] BUILDINGS. State financial assis-  
16 tance may not be approved or granted for the construction of or pur-  
17 chase of a loan for a [NEW] residential [OR COMMERCIAL] building if  
18 construction of the building begins after December 31, 1991 [1980],  
19 unless

20           (1) the building is in compliance with thermal and lighting  
21 energy standards;

22           (2) the building is in compliance with the building code of  
23 a municipality and the standards for thermal and lighting energy of  
24 the municipal building code meet [MEETS] or exceed [EXCEEDS] the  
25 thermal and lighting energy standards;

26           (3) the building

27           (A) is constructed under an exception to the municipal  
28 building code granted because the exception will result in in-  
29 creased energy efficiency; or

1 (B) is located or is to be located in an area where  
2 thermal and lighting energy standards are not justified because  
3 of the high cost of implementation of the standards, with spe-  
4 cific consideration given to the availability of inexpensive home  
5 heating energy sources, as determined under regulations adopted  
6 by the commissioner of community and regional affairs; or

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

10 \* Sec. 7. AS 46.11.900 is amended to read:

11 Sec. 46.11.900. DEFINITIONS. In this chapter

12 (1) "alternative energy system"

13 (A) means a source of thermal, mechanical, or elec-  
14 trical energy that [WHICH] is not dependent on oil or gas or a  
15 nuclear fuel for the supply of energy for space heating and  
16 cooling, refrigeration and cold storage, electrical power,  
17 mechanical power, or the heating of water;

18 (B) includes

19 (i) an alternative energy property as defined by  
20 [SEC. 48(1)(3)(A) OF THE INTERNAL REVENUE CODE (] 26 U.S.C.  
21 48(1)(3)(A) [)]; and

22 (ii) a method of architectural design and construc-  
23 tion that [WHICH] provides for the collection, storage, and  
24 use of direct radiation from the sun; [AND

25 (iii) REPEALED]

26 (2) "department" means the Department of Commerce and  
27 Economic Development;

28 (3) "energy audit" means a determination and written sum-  
29 mary prepared under 42 U.S.C. 8216(b) [42 U.S.C. 8216(b)(1)(A),

1 (SEC. 215, P.L. 95-619, NATIONAL ENERGY CONSERVATION POLICY ACT)] of

2 (A) the energy consumption characteristics of a build-  
3 ing, including the size, type, and rate of energy consumption of  
4 major energy consuming systems of the building and the climate  
5 characterizing the region where the building is located; and

6 (B) the energy conservation and cost savings likely to  
7 result from appropriate energy-conserving maintenance and operat-  
8 ing procedures and modifications, including the purchase and  
9 installation of energy-related fixtures; for purposes of this  
10 subparagraph when a fossil fuel is the energy source, the energy  
11 cost savings shall be determined with reference to the projected  
12 price of that fossil fuel over a 10-year period;

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

15 (5) "life-cycle cost" means the total cost of owning,  
16 operating, and maintaining a building over its useful life, including  
17 its energy and fuel costs, determined on a basis of a systematic  
18 evaluation and comparison of alternative building systems, except that  
19 in the case of leased buildings the life-cycle cost shall be calculat-  
20 ed over the effective remaining term of the lease;

21 (6) ["NEW BUILDING" MEANS A BUILDING THE CONSTRUCTION OF  
22 WHICH BEGINS AFTER DECEMBER 31, 1980;

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

25 (7) [(8)] "state financial assistance" means a loan, grant,  
26 guarantee, insurance, payment, rebate, subsidy, or other form of state  
27 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11.-  
28 100 - 14.11.135, and AS 29.60, including the purchase by a state  
29 agency of a loan to finance the construction or purchase of a [NEW]

1 residential [, COMMERCIAL, OR INDUSTRIAL] building;

2 (8) [(9)] "thermal and lighting energy standards" means the  
3 thermal and lighting energy standards

4 (A) established by the American Society of Heating,  
5 Refrigeration, and Air Conditioning Engineers as revised

6 (i) [(A)] by the commissioner of transportation  
7 and public facilities under AS 44.42.020(a) for public  
8 facilities; or

9 (ii) [(B)] by the commissioner of community and  
10 regional affairs for buildings and structures that are not  
11 public facilities; or

12 (B) developed in regulations adopted

13 (i) by the commissioner of transportation and  
14 public facilities under AS 44.42.020(a) for public facili-  
15 ties; or

16 (ii) by the commissioner of community and regional  
17 affairs for buildings and structures that are not public  
18 facilities.

19 \* Sec. 8. APPLICATION OF THERMAL AND LIGHTING ENERGY STANDARDS TO  
20 PROGRAMS FOR RESIDENTIAL HOUSING THAT IS CONSTRUCTED OR PURCHASED WITH  
21 STATE FINANCIAL ASSISTANCE. Persons responsible for administration and  
22 management of programs in which state assistance is provided for the pur-  
23 chase or construction of residential buildings are encouraged to adopt and  
24 enforce the compliance standards and methods of AS 18.56.096(c)(2), added  
25 by sec. 2 of this Act, within the housing programs for which they are  
26 responsible.

27 \* Sec. 9. ELIGIBILITY OF PERSONS FOR STATE INCENTIVE PAYMENT. (a) A  
28 person who initiates and completes construction of a residential building  
29 after the effective date of this Act and before January 1, 1992, qualifies

1 for payment of not more than \$1,500 from the Department of Community and  
2 Regional Affairs if the person demonstrates, to the satisfaction of the  
3 commissioner, that

4 (1) the residential building meets or exceeds the thermal and  
5 lighting energy standards; or

6 (2) the residential building meets or exceeds the building code  
7 of a municipality and the standards for thermal and lighting energy of the  
8 municipal building code meet or exceed the thermal and lighting energy  
9 standards.

10 (b) The Department of Community and Regional Affairs shall

11 (1) adopt regulations to implement this section;

12 (2) from legislative appropriations made for the purpose, make  
13 the payments required to persons who qualify under (a) of this section.

14 (c) In this section,

15 (1) "commissioner" means the commissioner of community and  
16 regional affairs;

17 (2) "thermal and lighting energy standards" has the meaning  
18 given in AS 46.11.900(8), as amended by sec. 7 of this Act.

19 \* Sec. 10. RESIDENTIAL ENERGY STANDARDS TECHNICAL ADVISORY COMMITTEE  
20 FOR INITIAL REGULATIONS. (a) Before adopting the initial regulations  
21 under AS 46.11.040(3)(B), as amended by sec. 6 of this Act, the commis-  
22 sioner of community and regional affairs shall consult with the Residential  
23 Energy Standards Technical Advisory Committee established under (b) of this  
24 section.

25 (b) To assist with the development and review of the thermal stan-  
26 dards developed under AS 46.11.040, the commissioner of community and  
27 regional affairs shall establish a Residential Energy Standards Technical  
28 Advisory Committee and appoint its members. The advisory committee is  
29 composed of 18 members and must include

1           (1) a homebuilder, residential building contractor, or other  
2 person who is actively engaged in the construction or sale of residential  
3 homes from each of the following regions of the state:

4           (A) Anchorage;

5           (B) Matanuska-Susitna Borough;

6           (C) Kenai Peninsula Borough;

7           (D) Bristol Bay-Kodiak-Aleutian Islands;

8           (E) Fairbanks and Interior Alaska;

9           (F) Southeast Alaska;

10          (G) Southwest Alaska;

11          (H) Northwest Alaska;

12          (I) the Arctic Slope;

13          (2) a representative of the Department of Housing and Urban  
14 Development;

15          (3) a representative of the Alaska Housing Finance Corporation;

16          (4) a representative of the Alaska Craftsman Home Program;

17          (5) a representative of the Energy Rated Homes of Alaska Pro-  
18 gram;

19          (6) a residential real estate appraiser;

20          (7) a building official employed by a municipality;

21          (8) a registered architect or engineer with experience in energy  
22 efficient building design and construction techniques;

23          (9) a representative of a utility; and

24          (10) a public member to represent consumer interests.

25          (c) Before making appointments to the advisory committee, the commis-  
26 sioner shall solicit nominations from the Alaska State Homebuilders Asso-  
27 ciation for those regions in which the association has an active local  
28 association or chapter.

29          (d) In developing the thermal and lighting standards under

1 AS 46.11.040, the commissioner of community and regional affairs, in con-  
2 sultation with the technical advisory committee established under (b) of  
3 this section, shall ensure that incremental costs attributable to meeting  
4 the standards bear a reasonable relationship to the energy cost savings  
5 resulting from the energy efficiency investments.

6 \* Sec. 11. Section 9 of this Act is repealed January 1, 1992.

7 \* Sec. 12. Section 10 of this Act is repealed on the effective date of  
8 the initial regulations adopted under AS 46.11.040(3)(B), as amended by  
9 sec. 6 of this Act. The commissioner of community and regional affairs  
10 shall notify the lieutenant governor and the revisor of statutes of the  
11 effective date of those regulations.

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