

SB

289

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/12/08

FURTHER:

DATE TURNED
IN TO OFFICE: 3/13/08

Finance Committee considered SENATE BILL NO. 289

SB 289 HOME ENERGY CONSERVATION

"An Act relating to home energy conservation and weatherization for purposes of certain programs of the Alaska Housing and Finance Corporation."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	3/3/08			✓	

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton	✓			
	Thomas	✓			
	Dusen			✓	
	Huggins	✓			
	Olson	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	STUCHMAN	✓			

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 289
(S) Publish Date: 3/12/08

Identifier (file name): SB289-DOR-AHFC-3-3-08 Dept. Affected: Revenue
Title: Home Energy Conservation RDU: AK Housing Finance Corp
Sponsor: Senator Hoffman Component: Operations
Requestor: Senate Labor and Commerce Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts	0.0							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time	0.0						
Part-time	0.0						
Temporary	0.0						

ANALYSIS: (Attach a separate page if necessary)

SB 289 will expand and update the weatherization and home energy rating rebate programs in the Alaska Housing Finance Corporation. There is a zero fiscal note attached to this legislation.

Although the passage of this bill will not add operating expenses to the Corporation, there is currently \$300 million in SB 256, the FY08 supplemental appropriations bill, for these two programs. Should SB 256 pass and get signed into law, the effect on the Corporation would require the addition of six new positions to administer the expansion of the programs as well as funds for travel, marketing and outreach. The estimate for the first year would be approximately \$700,000. This would be funded through CIP Receipts from the appropriation in SB 256.

Prepared by: Bryan Butcher, Director, Governmental Relations/Public Affairs Phone: 330-8445
Division: Alaska Housing Finance Corporation Date/Time: 3/3/08 12:00 AM
Approved by: Jerry Burnett Date: 3/3/2008
Department of Revenue

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Senator_Lyman_Hoffman@legis.state.ak.us



Co-Chair Finance Committee
Vice-Chair Legislative Budget & Audit

Committee Member:
Labor & Commerce
Legislative Council
World Trade & State/Federal Relations

SENATOR LYMAN F. HOFFMAN

SPONSOR STATEMENT

Senate Bill 289 Home Energy

Senate Bill 289 would update and expand the home energy conservation and weatherization programs in the Alaska Housing Finance Corporation (AHFC).

Section 1. AS 18.56.096 (c) refers to the Limitation on power to make or purchase mortgage loans by the Alaska Housing Finance Corporation.

This calls for the removal of the reference to the Alaska Craftsman Home program from this section and it thereby allows AHFC to establish training programs and certifications that are satisfactory to AHFC rather than specifically naming organizations and non-state programs to provide training and certifications.

The current statute refers to training and certifications "that are satisfactory to the corporation". These are normally specified in regulations for the program they govern and guide. This is a better, more flexible administrative process for agencies to use when responding to economic impacts such as the rising cost of fuel across our state especially in Rural Alaska.

Section 2 AS 18.56.410 (c)... refers to the Alaska energy efficient home grant fund located in AHFC.

This calls for the removal of the "consultation with the board of directors of the Alaska Craftsman Home program".

There is statutory reference to a private entity relative to a public program administered by AHFC and it would be more prudent and efficient for AHFC to adopt these guidelines and procedures.

This allows AHFC to be more responsive through existing programs to the changing economic situation in our state. Various organizations and individuals will have ample opportunity to testify during the process on the program design elements and implementation.

Section 3 AS 18.56.850 (a)... refers to the home energy conservation and weatherization program located in AHFC.

This section calls for the removal of references to the Alaska Craftsman Home program (ACHP) and the Energy Rated Homes of Alaska (ERHA) program in statute and adds a reference to energy efficiency in this section. It also removes the reference to low income.

The ACHP and ERHA programs are private corporations that have no regulatory authority relative to the public state programs administered by AHFC. As such their reference in statute is not necessary for the administration by AHFC of its programs that are funded with corporate receipts or state general funds.

The addition of the reference to "Energy efficiency" in this section and the deletion of the reference to "low income" broadens the scope of this program. It allows AHFC to plan, study, implement, and assist Alaskans through existing programs to deal with home energy conservation and weatherization without limiting it to low income.

Low income Alaskans will continue to receive the priority focus of the programs, however. This change would simply allow AHFC to assist a larger number of Alaskans. This broader scope will allow AHFC to design a menu of programs that will address the needs of Alaskans from the neediest to the average Alaskan homeowners relative to residential energy efficiency.

SB 289 provides the necessary language and changes that will facilitate AHFC's administrative process and program implementation of home energy efficiency programs that will be responsive to Alaskans being impacted by high energy costs.

Kate Trull

Testimony Supporting 289

- Introduce myself. Here to give a few brief comments in support of 289.
- Energy issues have risen to the forefront of priority issues for ACA. While there are many reasons for this one of the primary motivators to engage in energy issues is the inordinately high price of fuel and heating in rural Alaska. As you know, the cost of energy is undermining the economic viability of Alaska's villages and way of life. SB 289 is at its core a responsible action to the energy crisis in rural Alaska.

Rural

\$2 in cost
1:2

- Furthermore, spending money on energy conservation and efficiency is smart. Many states and utilities have energy efficiency programs. They typically save homeowners more than \$2 in lower energy bills for every \$1 invested in efficiency. *Alaska is not*

Megawatt

- In fact, energy conservation and efficiency programs are seen as the cheapest way to meet energy demands. It is the low hanging fruit or what energy experts now call the 'megawatt' - a watt of energy that wasn't created due to energy efficiency. *AK is behind*

The Every analysis concludes that the cheapest megawatt is the megawatt

2 prongs

- Capturing megawatts is the first prong of a building a secure, affordable energy future, the second prong involves investing in renewable energy. So SB 289 represents the first prong and HB 152 is the second prong. One provides much needed short-term assistance, the other sets the stage for Alaska's secure, clean energy future. I encourage you to pass and fund both these measures as a packaged solution to our growing energy crisis. *problem.*

broaden the scope

- ~~Understand that~~ SB 289 allows AHFC to assist a larger number of Alaskans while keeping the priority on low-income Alaskans. This broader scope will allow AHFC to design a menu of programs that will address the needs of Alaskans from the neediest to the average Alaskan homeowner *relative to residential energy efficiency.* This is a balanced approach. - Reference

jobs

- Lastly, I want to highlight the fact that SB 289 will give an added boost to construction and development workers at a time when construction of new homes is declining by encouraging home improvements. *point out that is also about jobs. WARR report*

- Thank you.

Read p. 23-24

implementing recommendations #9, 11, 12

2-12-08
John Weise

SB 289 Home Energy

Senate Finance Committee

John Weise, Ph.D.

Staff to Senator Hoffman

Housing Assessment Survey 2005

- Estimated Housing Stock 2005 – 278,118
- % older housing (21+ yrs) increasing
- % new housing (0-10 yrs) decreasing
- Households income eligible for weatherization services – 45,000
- Households report being drafty – 45%

Survey by Information Insights

SB 289 Home Energy

- Responsive to Alaskans being impacted by high energy costs
- Updates and expands the home energy efficiency and weatherization programs in the AHFC

SB 289 Weatherization

- Focus on energy-efficient improvements
- Direct the available funding to items that will save the most energy
- Typical improvements include air sealing, insulating and improved heater efficiencies

Energy Efficiency and Weatherization Program

- Eligibility for home energy efficiency programs extended from 60% to 100% median income.
- Low income Alaskans will continue to receive the priority focus of the program.

Median Income Guidelines

Family Size	60% Median	100% Median
1	\$23,887	\$39,812
2	\$31,236	\$52,060
3	\$38,586	\$64,310
4	\$45,936	\$76,560
5	\$53,286	\$88,810

Each add'l person – 60% \$1378 and 100% \$2296

SB 289 Impact

Past Years	\$4.8 million (\$1.8 m federal \$3 m AHFC)	600 households	1700 people
Current Program 60% median income	With \$48 million	4167 households	11,800 people
Expanded Program Adjust to 100% median income	\$200 million	17,400 households	49,000 people

Home Energy Rating Rebate Program

- Homeowners would need an As-is and Post Energy Rating
- Rebate would be in a step-approach as energy star ratings are increased

Increase Energy Star Ratings of Home

- 1-step increase, \$2500
- 2-steps, \$3000
- 3-steps, \$3500
- 4-steps, \$4000
- 5 or more steps \$5000

Home Energy Rating Rebate Program

- Expected 30% reduction in home energy costs
- Up to \$5,000 rebate
- State cost - \$100 million
- Homeowner investment – est \$175 million

SB 289 Summary

- Improved and more flexible process at AHFC to respond to rising fuel costs
- Existing AHFC programs will be more responsive
- Broadens scope at AHFC to help more Alaskans

3-12-08

SB 289 Home Energy

Finance Committee

John Weise, Staff to Senator Hoffman

SB 289 Home Energy

**Responsive to Alaskans being
affected by high energy costs**

**Revises and expands the home
energy efficiency and weatherization
programs in the AHFC**

SB 289 Weatherization

**Focus on energy-efficient
improvements**

**Direct the available funding to items
that will save the most energy**

**Typical improvements include air
sealing, insulating and improved
water efficiencies**

Energy Efficiency and Weatherization Program

Eligibility for home energy efficiency programs extended from 60% to 80% median income.

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Home Energy Rating Rebate Program

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million**

SB 289 Summary

**Improved and more flexible process
AHFC to respond to rising fuel**

costs

**Existing AHFC programs will be
more responsive**

**Expands scope at AHFC to help
more Alaskans**

Income Guidelines
(Effective April 23, 2007)

2007 PFD \$1,654

Family Size	60% median Income limit	100%
1	23,887	39,811.67
2	31,236	52,060.00
3	38,586	64,310.00
4	45,936	76,560.00
5	53,286	88,810.00
6	60,636	101,060.00
7	62,014	103,356.67
8	63,392	105,653.33
9	64,770	107,950.00
10	66,148	110,246.67
11	67,526	112,543.33
12	68,904	114,840.00
13	70,282	117,136.67
14	71,660	119,433.33

Each additional \$1,378



March 4, 2008

VIA EMAIL
The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
State Capitol, Rm 518
Juneau, AK 99801-1182

Dear Senator Hoffman:

I am writing on behalf of the Aleutian Housing Authority (AHA), and as Chair of the Legislative Committee of the Association of Alaska Housing Authorities (AAHA), to offer our strong support for SB 389, which would provide additional funding for energy conservation and weatherization issues.

I hope you have received and have been able to review one of our packets covering AAHA's 2008 State Legislative Priorities. One of the top issues for both my own regional housing authority and for our statewide association is the current energy crisis we are facing, particularly in rural Alaska. Energy conservation measures, including weatherization, are probably the most cost effective, immediate actions we can take to address the situation in the short term and we applaud efforts by the legislature to move in this direction.

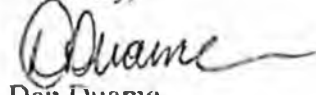
Given the impacts of rising energy costs on the communities served by my organization and those of my colleagues, I find it difficult to understand how members of the legislature can continue to pour significant amounts of potentially surplus funding into additional "rainy day" savings accounts. For us, the "raining day" is upon us, and some level of relief is warranted. SB 389 can provide a critically needed investment in rural infrastructure that will provide both short and long term returns to both individuals and the state generally.

Finally, as you deliberate on SB 389, I would like to respectfully suggest that strong consideration should be given to directing a significant amount of any funding provided under this measure to the regional housing authorities. Most, if not all of us are in the best position within our respective regions to efficiently and effectively administer such funds and activities that may be generated.

VIA EMAIL
The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
State Capitol, Rm. 518
Juneau, AK 99801-1182
Page 2 of 2

Thank you for your efforts and consideration of our views on this issue

Sincerely,



Dan Duame
Executive Director

Cc: Sen. Stedman, Finance Committee Co-Chair
Sen. Huggins, Finance Committee Vice-Chair
Senate Finance Committee Members
AAHA Members