

SB

212



Senator Dennis Egan

**Senate Bill 212
Sponsor Statement**

Municipal Energy Improvements

Senate Bill 212 gives municipalities a tool to help make homes and businesses more energy efficient. By letting municipalities establish tax lien-based financing programs, the bill helps create jobs, retrofit our built environment and create more sustainable communities.

A municipality that chose to participate could create a special financing district. That district would then issue a bond. Commercial and residential property owners borrow money from the district and make improvements to their homes, businesses and equipment. Owners then make repayments over an extended period through a special annual tax surcharge. Repayments will pay the principal and interest on the bond.

Energy financing districts are a powerful financing tool. Homeowners, businesses, and landlords could borrow funds for energy efficiency and small renewable energy projects. This influx of energy efficiency construction will put Alaska's small and medium-sized contractors to work, generating sustainable, high-quality jobs today while saving Alaskans money into the future.

This innovative financing scheme is friendly to property owners. The benefits and costs of the energy improvement work are attached to the property itself. The obligation is a tax assessment on the property that runs with the property even through an ownership transfer.

The program is optional for municipalities, depending on how relevant the program is to their community needs. Local governments set the interest rate and length of time for repayment.

At least fifteen states have enabling legislation for energy financing districts. Alaskans will be well served by this bill.



SENATOR DENNIS EGAN

MEMORANDUM

TO: Senator Donny Olson, Community and Regional Affairs Committee Chair

FROM: Senator Dennis Egan

SUBJECT: SB 212 Hearing Request

DATE: 1/26/2010

I respectfully request a hearing on Senate Bill 212, "An Act authorizing municipalities to designate energy improvements areas and to establish energy improvements program and relating to those programs."

Senate Bill 212 gives municipalities a tool to help make homes and businesses more energy efficient. SB 212 creates a municipal financing mechanism for energy retrofit and renewable energy projects on residential and commercial property.

Thank you for considering a hearing on SB 212. Please feel free to contact me if you have any questions.

Enclosed please find:

- Sponsor statement
- Most current version of the bill
- Sectional analysis (forthcoming)
- Fiscal note (forthcoming)
- No teleconference services needed for testimony
- No specialized equipment needed for testimony

ALASKA SENATE

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MEMORANDUM

January 28, 2010

SUBJECT: Municipal energy improvements programs (SB 212, Work Order No. 26-LS1267\A)

TO: Senator Dennis Egan
Attn: Alida Bus

FROM: Tamara Brandt Cook *TBC*
Director

Section 1. (a) A municipality may designate an energy improvements area and establish an energy improvements program by ordinance to make loans for cost-effective energy improvements to existing buildings. The municipality must provide an explanation of the program to electric and natural gas utilities operating in the area of the proposed program at least 30 days before adopting the ordinance.

(b) A loan under an energy improvements program may be secured with a lien of the benefited property enforceable as provided for special assessments. Other security may be required for the loan.

(c) A municipality may issue special assessment bonds and apply for grants to finance the program.

(d) The Department of Commerce, Community, and Economic Development may lend money to a municipality for a program. The department shall, by regulation, establish the types and extent of energy improvements that may be financed with its loans. The department must consider the amount of energy that can be conserved and the cost-effectiveness of types of improvements.

(e) Defines "energy improvements."

TBC:plm
10-038.plm

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB212
 () Publish Date: _____

Identifier (file name): SB212-CED-CRA-1-27-10
 Title: Municipal Energy Improvements Program
 Sponsor: Senator Egan
 Requester: Senate Community and Regional Affairs
 Dept. Affected: DCCED
 RDU: Comm Assist and EconDev (405)
 Component: Community and Regional Affairs
 Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	10.0							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill allows municipalities to establish an energy improvements program, allows municipalites to make loans to property owners for energy improvements and allows the department to make loans to municipalities for this purpose.

The department expects approximately \$10,000 in legal expenditures to promulgate regulations for the new municipal loan program.

Total operating expenditures are indeterminate at this time due to an unknown appropriation amount and subsequent loan demand and agency workload.

Prepared by: Tyson Fick, Legislative Liaison
 Division: Commissioner's Office
 Approved by: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development

Phone 465-2500
 Date/Time 1/27/10 12:00 AM
 Date 1/27/2010