

HB

297

<TARGET><BILL>HB 297</BILL><SUBJECT>HB
297</SUBJECT><COMM>SFIN28</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/18/14

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 297(FIN)

HB 297-HOME ENERGY RATING SYSTEMS

"An Act recognizing the Alaska Housing Finance Corporation as the authorizing agency to approve home energy rating systems for the state; and providing for an effective date."

and recommends:

- be replaced with SCS CS HB 297 (FIN) Same Title Technical Title Change
 New Title/SCR No. _____
- adopt previous SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____

attached amendment(s)

adopt _____ Letter of Intent

further referral to _____ Committee
zero fiscal note forthcoming from CED

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	Deakley			✓	
<i>[Signature]</i>	Bishop	✓			
<i>[Signature]</i>	Hoffman			✓	
<i>[Signature]</i>	Orson			✓	
<i>[Signature]</i>	FAIRCLOUGH	✓			
CO-CHAIR: <i>[Signature]</i>	Kelly				✓
CO-CHAIR: <i>[Signature]</i>					

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 297(FIN)
Fiscal Note Number: 1
(H) Publish Date: 3/10/14

Identifier: HB297-DOR-AHFC-2-16-14
Title: HOME ENERGY RATING SYSTEM
Sponsor: PRUITT
Requester: H FIN

Department: Department of Revenue
Appropriation: Alaska Housing Finance Corporation
Allocation: AHFC Operations
OMB Component Number: 110

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/14

Why this fiscal note differs from previous version:

Initial version.

Prepared By: <u>Les Campbell, Budget Director</u>	Phone: <u>(907)330-8356</u>
Division: <u>Alaska Housing Finance Corporation</u>	Date: <u>02/16/2014 10:00 AM</u>
Approved By: <u>Bryan Butcher, CEO</u>	Date: <u>02/16/14</u>
Agency: <u>Alaska Housing Finance Corporation</u>	

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 297(FIN)

Analysis

This bill recognizes Alaska Housing Finance Corporation (AHFC) as the authorizing agency to approve home energy rating systems (HERS) utilized in Alaska.

AHFC currently has its own AKWarm home energy rating system and software that has been in use, and continuously updated, since 1996. It is specifically designed for Alaska and is recognized by the Alaska building, real estate and home industries and is directly tied to AHFC programs, including the Home Energy Rebate and Weatherization programs, interest rate reductions for home loans and Alaska Building Energy Efficiency Standards. The software is available to all at no cost.

In the event that another home energy rating system is submitted to AHFC for approval, that software will require review and testing to ensure Alaska's varied and extreme climatic conditions are appropriately addressed and equivalent to AKWarm.

The cost of testing and review is expected to be covered by the requestor and/or U.S. Department of Energy funds. As a result, there is no fiscal impact to AHFC anticipated for this bill.

Regulations will be developed to identify the process for which new software packages will be evaluated, addressing Alaska's unique climatic and geographic diversity. Estimated time to write new regulations, have appropriate hearings, get AHFC Board of Directors approval will take approximately six months.

28-LS1307C
Nauman
4/14/14

Adopted

~~XXXXXXXXXX~~

4/16/14

SENATE CS FOR CS FOR HOUSE BILL NO. 297(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES PRUITT, Gara, Millett, Johnson

A BILL

FOR AN ACT ENTITLED

1 **"An Act recognizing the Alaska Housing Finance Corporation as the authorizing agency**
2 **to approve home energy rating systems for the state; relating to legislative approval for**
3 **a loan from the power project fund for the Blue Lake hydroelectric project; and**
4 **providing for an effective date."**

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

6 *** Section 1.** AS 18.56 is amended by adding a new section to article 6 to read:

7 **Sec. 18.56.860. Home energy rating systems.** The corporation shall act as the
8 authorizing agency for purposes of approving home energy rating systems used in the
9 state.

10 *** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 **LEGISLATIVE APPROVAL OF LOAN FROM THE POWER PROJECT FUND.** If
13 the Alaska Energy Authority approves a loan to the City and Borough of Sitka for the Blue
14 Lake hydroelectric project, the legislature authorizes the Alaska Energy Authority to loan an

1 amount not to exceed \$18,600,000 from the power project fund (AS 42.45.010) to the City
2 and Borough of Sitka for the Blue Lake hydroelectric project. This section constitutes
3 legislative approval under AS 42.45.010(j) for a loan from the fund that exceeds \$5,000,000.

4 * **Sec. 3.** This Act takes effect July 1, 2014.

28-LS1685A
Nauman
4/14/14

SENATE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced:
Referred:

A RESOLUTION

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**
2 **Legislature, concerning House Bill No. 297, recognizing the Alaska Housing Finance**
3 **Corporation as the authorizing agency to approve home energy rating systems for the**
4 **state.**

5 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
7 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
8 changes to the title of a bill, are suspended in consideration of House Bill No. 297,
9 recognizing the Alaska Housing Finance Corporation as the authorizing agency to approve
10 home energy rating systems for the state.

Alaska State Legislature

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Representative Lance Pruitt
House Majority Leader

Sponsor Statement

CSHB 297(FIN)

"An Act recognizing the Alaska Housing Finance Corporation as the authorizing agency to approve home energy rating systems for the state; and providing for an effective date."

CSHB 297(FIN) seeks to make AHFC the authorizing agency relative to approving Home Energy Rating Systems (HERS) in Alaska. The HERS is directly related to measuring a home's ability to meet the Building Energy Efficiency Standards (BEES), which are required by law.

If AHFC is established as the authorizing agency, it will ensure that Alaska's varied and extreme weather conditions are appropriately addressed prior to any HERS approval and implementation. In addition, AHFC would be able to verify appropriate software for national recognition.

In Alaska we have an unusual amount of unique, regional climate conditions. Typically rating systems from other states won't take into account these vast differences like the extreme cold of the North Slope, the dampness and moderate climate of southeast, and the windy areas of the southwest Aleutians.

Support for CSHB 297(FIN) will protect the investment that Alaska has made via AHFC in developing its own rating system, AkWarm, as well as the over \$560 million Alaska has invested in its highly successful and popular home energy rebates and weatherization programs.

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Changes to HB 297 (28-LS1307\A) in CS HB 35 (28-LS1307\N)

Description: HB 297 version A was amended in House Finance to move the proposed language from AS 18.56.010, AHFC's Findings and Purpose Statute, to a new section: AS 18.56.860 Home energy rating systems. It also removed the legislative finding language from the bill.

Title The following changes were made to the Title of the bill:
1. No changes.

Section 1 The following changes were made to section 1:
1. The legislative finding language was removed on lines 6 through 8. The remaining language was moved to a new section in article 6 titled: AS 18.56.860 Home energy rating systems.

Section 2 The following changes were made to section 2:
1. No changes.

LEGISLATIVE REQUEST: AHFC requests legislative support for establishing AHFC as the agency for approving Home Energy Rating Systems (HERS) utilized in the state of Alaska (SOA).

STATEMENT OF NEED:

- Non-governmental third parties are working toward identifying themselves in federal legislation as the official HERS verifying agency. If federally enacted, these Outside entities would control HERS state policy and compete for federal funds available to Alaska and other states.
- If AHFC is established as the authorizing agency, it will ensure that Alaska's varied and extreme weather conditions are appropriately addressed prior to any HERS approval and implementation. HERS testing will be required.
- Based on the investment that the SOA has made through AHFC in developing its own highly successful HERS, *AkWarm*, AHFC requests SOA identify AHFC in statute as the official HERS approving agency in Alaska.

BACKGROUND:

- HERS *AkWarm* software has been independently tested and approved by the U.S. Department of Energy. It has been in use and continually updated by AHFC since 1996.
- AHFC has considerable experience in the development, implementation and certification of HERS.
- AHFC is the only state agency actively involved in the development of its own HERS. *AkWarm* is specifically designed for Alaska conditions. It is well recognized by the building, real estate and home-loan industries and directly tied to the following AHFC programs:
 - ✓ Alaska Building Energy Efficiency Standard (BEES): AHFC home loans are required by A.S. 46.11.040 to meet BEES. These loans are verified by *AkWarm*.
 - ✓ Home Energy Rebate Program and Weatherization programs: These show an average projected energy reduction of 30 percent and require *AkWarm*.
 - ✓ The Energy-Efficiency Interest-Rate Reduction loan program. This program incentivizes the construction and purchase of homes exceeding minimum energy standards and requires *AkWarm*.

CONTACT:

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