

HB

118

<TARGET><BILL>HB 118</BILL><SUBJECT>HB
118</SUBJECT><COMM>SFIN29</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/13/16

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 118(FIN)

HB 118-MUNI ENERGY IMPROVEMNT ASSESSMNTS/BONDS

"An Act adopting the Municipal Property Assessed Clean Energy Act; authorizing municipalities to establish programs to impose assessments for energy improvements in regions designated by municipalities; imposing fees; and providing for an effective date."

and recommends:

be replaced with SCS _____ (_____) 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

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

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

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

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	No REC	AMEND
<i>PA. Micciche</i>	MICCICHE	✓			
<i>Clint Bishop</i>	Bishop	✓			
<i>Donal O'Leary</i>	O'Leary			✓	
<i>Donal O'Leary</i>	O'Leary			✓	
<i>Sybil Hoffman</i>	Hoffman	←			
CO-CHAIR: <i>Pete Kelly</i>	Kelly	✓			
CO-CHAIR: <i>Anna MacKinnon</i>	MacKinnon	✓			

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Governor Bill Walker
STATE OF ALASKA

February 17, 2015

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to establishing a municipal property assessed clean energy program.

Implementing energy efficiency measures in commercial buildings offers an opportunity for owners to reduce energy consumption. This not only can reduce operating costs to the building owner, but also can reduce energy demand on local utilities and improve the reliability of local energy and electrical systems. Financing energy efficiency measures can be a substantial barrier for building owners.

The bill would empower local governments to establish property assessed clean energy programs. These local programs would enable building owners to more easily borrow money from either the municipality or a private lender to implement energy efficiency measures by making property tax assessments available to ensure repayment of the debt obligation. Municipalities may issue bonds to fund a municipal lending. Building owners would voluntarily allow the local municipality to impose a tax assessment on their property. The tax assessment would be payable annually with property taxes, with the proceeds used to repay the lender or bond holders over the full life of the loan. Because the lender or bondholder would have a more assured revenue source for loan repayment, the financing costs should be reduced. The net effect of the program is that commercial building owners will be able to more easily implement energy efficiency measures. The owners will reap benefits from reduced energy and financing costs associated with the energy efficiency improvements.

The program would be known as the Municipal Property Assessed Clean Energy Act.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Bill Walker".

Bill Walker
Governor

Enclosure

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 118
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB118CS(CRA)-DCCED-AEE-01-20-16
Title: MUNI ENERGY IMPROVEMNT
ASSESSMNTS/BONDS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: (H)Finance

Department: Department of Commerce, Community and
Economic Development
Appropriation: Alaska Energy Authority
Allocation: Statewide Project Development, Alternative
Energy and Efficiency
OMB Component Number: 2888

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
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

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 (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? No
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Updated to 2016 form, updated analysis.

Prepared By: Sara Fisher-Goad
Division: Alaska Energy Authority
Approved By: Catherine Reardon, Director
Agency: Division of Administrative Services, DCCED

Phone: (907)771-3012
Date: 01/18/2016 12:40 PM
Date: 01/20/16

REPORTED OUT OF
HFC 04/11/2016
Control Code: IIQDR

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSHB118(CRA)

Analysis

The legislation would provide the opportunity for local governments to create a Property Assessed Clean Energy (PACE) financing mechanism. PACE would incentivize energy efficiency improvements to commercial buildings by allowing a local government financing option as part of property tax assessments.

Thirty-two other states have created similar financing structures. Under a PACE program, interested business owners first have their buildings audited to determine potential energy savings. They then can apply for financing, including from traditional lending sources (loan programs, local lenders, etc.), that is repaid through an addition to their property tax assessment that may be in place for up to 20 years. In the Interior, the PACE financing mechanism can incentivize conversion to natural gas.

HB 118 would allow local governments and businesses to opt-in on a voluntary basis to adopt PACE financing mechanisms. Lenders are provided with additional certainty of repayment while business owners are traditionally supportive because it allows them to finance improvements over an extended period of time with low-cost capital.

There is no fiscal impact to the Alaska Energy Authority, or the state of Alaska, with the passage of this proposed legislation.



CS House Bill 118(Fin) Ver P - Muni Energy Improvement Assessments/Bonds

DETAILED SECTIONAL ANALYSIS

- Section 1: Amends existing AS 29.10.200 to add PACE financing to the list of items that Home Rule municipalities are allowed engage in.
- Section 2: Amends AS 29.35.200(b) to add PACE financing to the list of items that first class boroughs are allowed to engage in on an area wide basis.
- Section 3: Amends AS 29.35.210(a) to add PACE financing to the list of items that second class boroughs are allowed to engage in on a non-area wide basis.
- Section 4: Amends AS 29.35.210(b) to add PACE financing to the list of items that second class boroughs are allowed to engage in on an area wide basis.
- Section 5: Amends AS 29 by adding a new chapter 49. Municipal Assessed Clean Energy Act and adds:
- Sec 29.29.010, Exercise of Powers, requires municipalities that want to initiate a PACE program to have an appeal process under AS 29.40.060.
 - Sec 29.49.020 Authorized Assessments, allowing for an assessment to be imposed to repay the financing of qualified projects on real property in the municipality or local government that adopts this program. Qualified projects do not include undeveloped lots or lots undergoing development at the time of assessment or the purchase of products or devices that are not a permanent part of the property.
 - Sec. 29.49.030, Written Contract for Assessment Required, requires a written contract between the municipality and record owner of the real property before the PACE mechanism can be utilized.
 - Sec. 29.49.040 Establishment of Program, authorizes municipalities to establish a property assessed clean energy (PACE) program that would require a written contract with a record owner of real property. The financing for the PACE mechanism may be provided by a third party, or if authorized by the program, by a municipality. Repayment of third-party or municipal financing must be assured through a written contract with the property owner to finance the qualified project through a voluntary property tax assessment.

The financing may include project costs, materials, labor, permit fees, inspection fees, lender's fees, program application and administrative fees, project development and engineering fees, third-party review fees, including verification review fees under AS

CS House Bill 118(Fin) Ver P Sectional Analysis

29.49.090 and any other fees that may be incurred by the property owner relating to the installation, modification, or improvement, as determined by the municipality.

- Sec. 29.49.050 Designation of Region, allows the municipality to participate in the program and designate an area of the municipality for participation. This may include the entire municipality or more than one region, but each must be located wholly within the municipality's jurisdiction.
- Sec. 29.49.060 Procedure for Establishment of Program, defines the necessary actions for a municipality to establish a property assessed clean energy finance program. These are:
 - Adopt a resolution of intent that includes:
 - a finding that financing of qualified projects through contractual assessments is a valid public purpose;
 - a statement that the municipality intends to make contractual assessments to repay financing for qualified projects available to property owners;
 - a description of the types of qualified projects;
 - a description of the region boundaries;
 - a description of any proposed arrangements for third-party financing or municipal financing;
 - a description of the municipal debt servicing procedures if third-party financing is provided and assessments collected to service the third-party debt;
 - reference on the proposed program required by AS 29.49.010 and identifying where the report is available to the public;
 - identifying the time and place for a public hearing;
 - identifying the local official and assessor-collector for the proposed contractual assessments with property taxes imposed on the assessed property;
 - Hold a hearing where the public has the opportunity to provide comment, including on the report required in AS 29.49.070;
 - Adopt an ordinance establishing and defining the terms of the program, including:
 - each item included in the report under AS 29.49.070;
 - a description of each aspect of the program that may only be amended after another public hearing;
 - A municipality may hire a program administrator and program staff or contract for professional services to administer the program;
 - Fees may be assessed as an application fee, a component of the interest rate or a combination of both.

CS House Bill 118(Fin) Ver P Sectional Analysis

- Sec. 29.49.070 Report Regarding Assessment, defines the requirements of the municipality's publicly-available report on the program, as required by AS 29.49.060. The report must include:
 - A map showing the boundaries of the proposed region;
 - A form contract between the municipality and property owner that specifies the terms of the assessment and either the third-party or municipal financing;
 - A form contract, if third-party financing is used, that must be included regarding the servicing of the debt through assessments;
 - A description of projects may qualify and a plan for ensuring sufficient capital for third-party financing;
 - If municipal bond financing is used:
 - a plan for raising capital for municipal financing;
 - a maximum aggregate annual dollar amount for financing to be provided by the municipality;
 - the method for ranking requests from property owners if requests will likely exceed the available municipal funding, and the method for determining the interest rate and maximum amount of an assessment;
 - A method for ensuring that the repayment schedule does not exceed the useful life of the qualified project;
 - A description of the application process and eligibility requirements;
 - A method to ensure that property owners have the capacity to participate and repay the financing obligations;
 - A statement describing the assessment and collection process provided by AS 29.49.080;
 - A statement explaining the review requirement provided by AS 29.49.090;
 - A description of marketing and educational services to be provided;
 - A description of quality assurance and antifraud measures;
 - Collection procedures;
 - The method for ensuring the demonstration of financial ability must be based on appropriate underwriting factors, including verification that the property owner is the legal owner of the property, current on mortgage and property tax payments

CS House Bill 118(Fin) Ver P Sectional Analysis

- and is not insolvent or in bankruptcy proceedings. An appropriate ratio of the assessment to the assessed value of the property must be maintained;
- The municipality shall make the report publicly available online and at the primary governing office of the municipality.
 - Sec. 29.49.080, Notice to Mortgage Holder Required for Participation, sets a series of requirements for the municipality before it may enter into a written contract with a record owner of real property:
 - The holder of any mortgage lien on the property must be given written notice within 30 days before the contract is executed;
 - And a written consent from the mortgage lien holder must be obtained.
 - Sec. 29.49.090, Review Required, requires the third-party review of baseline energy conditions in a proposed qualified project and the projected energy savings. After project completion the municipality must obtain a third-party verification that the project was properly completed and is operating as intended.
 - Sec. 29.49.100, Direct Acquisition by Owner, the proposed financing arrangements for a qualified project may authorize the property owner to directly purchase necessary equipment and materials, contract directly-including through lease- power purchase agreement or other service contract for the installation or modification of a qualified project.
 - Sec. 49.110, Recording of Notice for Contractual Assessment Required, requires a municipality that authorizes financing through contractual assessments to file written notice of each contractual assessment in the real property records of the recording district in which the property is located. This notice must contain the amount of the assessment, legal description of the property, name of each property owner and a reference to the statutory assessment lien.
 - Sec. 29.49.120, Lien, states that contractual assessments as part of this program and any interest and penalties are liens on the assessed property and are prior and paramount to all liens except municipal tax liens and special assessments. Contractual assessment liens may be enforced as provided by AS 29.45.320- 29.45.470.
 - Contractual assessment liens are attached with the land and foreclosure of a property tax lien does not eliminate outstanding assessments.
 - Penalties and interest may be added to delinquent installments of the assessments, consistent with AS 29.45.250.

CS House Bill 118(Fin) Ver P Sectional Analysis

- A municipality may recover costs and expenses, including attorney fees, if a suit is filed to recover delinquent installment of assessments, consistent with the delinquent property tax suit process.
- Sec. 29.49.130, Collection of Assessments, a municipality may contract with the governing body of another taxing unit to collect assessments as outlined under this chapter.
- Sec. 29.49.140, Bonds or Notes, authorizes a municipality to issue bonds or notes to finance qualified projects.
 - Bonds issued under this section must be secured by one or more of the following:
 - payments of contractual assessments on benefited property in one or more specified regions
 - reserves established by the municipality from grants, bonds or net proceeds or lawfully available funds
 - municipal bond insurance, lines of credit, public or private guaranties, standby bond purchase agreements, collateral assignments, mortgages or any other available means of providing credit support or liquidity, and
 - any other funds lawfully available for purposes consistent with this chapter.
 - The governing body of the municipality must include this information in a resolution approving the bonds or notes.
 - The municipality's contractual rights in connection with the issuance of bonds or notes are a first lien on the property, without further action by the municipality. The lien is valid and binding against any other person, with or without notice.
 - Bonds or notes issues under this chapter further an essential public and governmental purpose, including the:
 - Improvement of the reliability of local electrical systems
 - Reduction of energy costs
 - Reduction of energy demand on local utilities
 - Economic stimulation and development
 - Enhancement of property values, and
 - Enhancement of employment opportunities.
- Sec. 29.49.150, Joint Implementation, any combination of municipalities may agree to jointly implement or administer a program under this chapter, or contract with a third-party. If two or more municipalities jointly administer the program, a public hearing is to be held by the cooperating municipalities sufficient to satisfy the requirements of AS 29.49.060.
- Sec. 29.49.160, Prohibited Acts, states that participation in the program must be voluntary. A municipality that establishes a region under this chapter may not require a real property owner in that region to participate in the assessment program outlined in this chapter in

CS House Bill 118(Fin) Ver P Sectional Analysis

order to issue a permit, license or other municipal authorization, or otherwise compel a property owner in the region to enter into a written contract to repay the financing of a qualified project through contractual assessments.

- Sec. 29.49.890, Allows the proposed PACE provisions to be available to home rule and general law municipalities.
- Sec. 29.49.900, Definitions, defines terminology included in the chapter.
- Sec. 29.49.995, Short Title, indicates this chapter may be cited as the Municipal Property Assesse Clean Energy Act.

Section 6: Sets an immediate effective date.



EXPLANATION OF CHANGES

House Bill 118

An Act adopting the Municipal Property Assessed Clean Energy Act
version A through version P

Version A

The original A version of HB 118 was patterned after recent legislation enacted in Texas.

House Energy Committee Action

Version W

The House Energy Committee amended the legislation to more clearly specify which municipalities could authorize PACE financing. By amendment, the Committee added a new section 1 to add PACE financing to the list of municipal powers under AS 29.10.200. The Committee also added a new provision to the bill specifying that "This chapter applies to home rule and general law municipalities. During the incorporation of the House Energy Committee amendments, staff at Legislative Legal Services proposed a number of style changes that did not alter the primary content of the bill.

House Community and Regional Affairs Committee Action

Version E

The House Community and Regional Affairs Committee amended version W by adding a new section 2 and 3 that provide further clarification that first and second class boroughs could establish energy improvement assessment programs under AS 29.49. The Committee also adopted two amendments that required local government PACE programs to cover the entire municipal area and to allow cities within a borough to opt out, or opt back in, to a PACE program authorized by a borough.

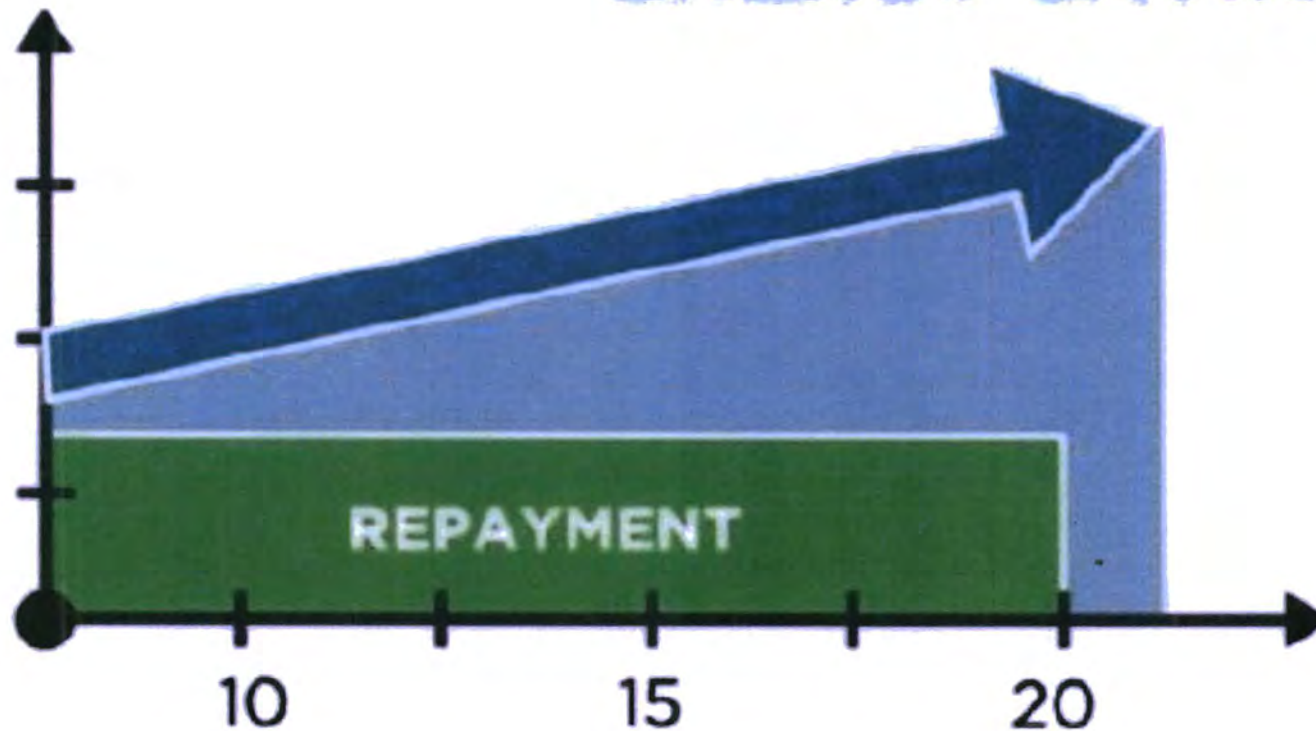
The final action of the House Community and Regional Affairs Committee triggered a memorandum from Legislative Legal Services expressing concern on the workability of the language. The memo explained "It is contradictory to both require that a borough exercise its authority only on an areawide basis and allow a city to opt out, leaving the borough the ability to exercise its authority only on a nonareawide basis. I have therefore made the inconsistent provisions notwithstanding the other contrary provisions in the bill".

House Finance Committee Action

Version P

The House Finance Committee removed the inconsistent provisions in the previous committee substitute. This action restores the local first and second class borough and home rule municipalities discretion to enact PACE programs for a segment of their municipal area or the entire municipal area. This local decision can only be made after the thorough public process required by the legislation.

ENERGY SAVINGS



How Property Assessed Clean Energy (PACE) financing can help businesses save money

When done properly, PACE financing allows commercial property owners to save more on their yearly energy costs than the repayment cost of the energy improvements. The positive cash flow from this activity is a strong incentive to make energy improvements.



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March 27, 2015

House C& RA Committee
Chair – Representative Cathy Tilton
Alaska State Capitol Building
Juneau, Alaska 99811

RE: HB 118 – Property Assessed Clean Energy Act

Dear Committee Members,

The Alaska Municipal League would like to offer our complete support to this bill. In a time of large deficits, both within the State and municipalities, which yet still finds many municipalities paying huge amount of money for traditional energy means and businesses and municipalities must have more “tools” to make our communities healthy, inviting, business friendly places in which to live.

This bill, leave the PACE program as an optional program. Municipalities that feel they cannot afford this program do not have to take part. But, those who can afford to do so, have the opportunity to create a much-better business environment. Members of AML have spent the last few years doing what we can to build a better relationship with the businesses that make our communities healthy. This also helps that mission.

Again, we would hope that your vote would be a positive vote on this legislation. Thank you for the opportunity to comment.

Sincerely,

Kathie Wasserman
Executive Director
Alaska Municipal League



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ALASKA MUNICIPAL LEAGUE

RESOLUTION #2016-09

A RESOLUTION SUPPORTING THE PASSAGE OF COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY (PACE) LEGISLATION AS A MEANS OF OFFERING A LOCAL OPTION FOR MUNICIPALITIES TO USE, IN ORDER TO ENCOURAGE ENERGY EFFICIENCY IMPROVEMENTS TO AND RENEWABLE ENERGY DEVELOPMENT ON COMMERCIAL PROPERTIES

WHEREAS, Property Assessed Clean Energy (PACE) is a means of financing energy efficiency upgrades or renewable energy installations for commercial buildings; and

WHEREAS, the Alaska Energy Authority, Commercial Building Energy Audit program indicates that businesses can achieve annual energy savings of approximately 30% by implementing suggested energy efficiency improvements; and

WHEREAS, PACE statutes authorize municipalities, with property tax authority, to work with private sector lenders to provide upfront financing to property owners for qualified projects; and

WHEREAS, PACE repayments are collected through placement of a voluntary assessment on a property's annual real-estate tax bill; and

WHEREAS, the term of PACE financing may extend up to 20 years, resulting in energy savings that exceed the amount of the assessment payment producing immediate positive cash flow; and

WHEREAS, PACE legislation for commercial property has been adopted in 29 states and the District of Columbia; and

WHEREAS, commercial PACE is now available in more than 1,000 municipalities in the U.S. outside of Alaska; and

WHEREAS, use of PACE in Alaska may facilitate access to private sector capital or low-cost federal funds to assist with commercial property energy improvements; and

WHEREAS, PACE legislation was introduced in the Alaska House of Representatives (HB 118) and the Alaska Senate (SB56) in 2015; and

WHEREAS, HB 118 and SB 56 would create a local option for Alaska municipalities with property tax authority to use if local elected officials believe PACE financing would be beneficial in their communities; and

WHEREAS, HB 118 progressed to the House Finance Committee and SB 56 progressed to the Senate Finance Committee during the 2015 regular legislative session; and

WHEREAS, passage of PACE legislation in Alaska could provide an important tool that assists in achieving the energy efficiency and renewable energy goals established in state law in 2010.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League supports the passage of commercial Property Assessed Clean Energy (PACE) legislation as a means of offering a local option for municipalities to use to encourage energy efficiency improvements to, and renewable energy development on, commercial properties; and

LET IT BE FURTHER RESOLVED that the Alaska Municipal League supports passage of SB 56 or HB 118 as a means of achieving this desired action.

PASSED AND APPROVED by the Alaska Municipal League on this 20th day of November, 2015.

Bob Harcharek

Signed: _____

Bob Harcharek, President, Alaska Municipal League

Attest: _____

Kathie Wasserman

Kathie Wasserman, Executive Director, Alaska Municipal League



April 6, 2015

The Honorable Mark Neuman
Co-Chair, House Finance Committee
State Capitol, Room 505
Juneau, AK 99801

The Honorable Steve Thompson
Co-Chair, House Finance Committee
State Capitol, Room 515
Juneau, AK 99801

Re: HB 118 - An Act adopting the Municipal Property Assessed Clean Energy Act

Dear Co-Chairs Neuman and Thompson:

The Alaska Chamber is an organization dedicated to improving the business environment in Alaska. The Chamber represents hundreds of businesses from Ketchikan to Barrow that share a common goal: to make Alaska a viable and competitive place to do business.

The Alaska Chamber is not opposed to HB 118 in its current form, which allows municipalities the option to establish a commercial Property Assessed Clean Energy (PACE) program. As the bill moves forward, it is important that the provisions that protect Alaskans from municipalities forcing energy efficiency standards onto property owners through a PACE program remain intact.

On behalf of Alaska's business community, thank you for your efforts to promote a positive business environment.

Sincerely,

A handwritten signature in black ink that reads 'Rachael Petro'.

Rachael Petro
President and CEO



April 6, 2015

The Honorable Steve Thompson, Co-Chair
The Honorable Mark Neuman, Co-Chair
House Finance Committee
Alaska State Capitol
Juneau, AK 99801-1182

RE: Support for HB 118 - Municipal Energy Improvement Assessments/Bonds

Dear Representatives Thompson and Neuman:

The Alaska Hotel and Lodging Association is the leading voice and resource for Alaska's lodging industry, providing jobs to 12,000 Alaskans and investing millions in infrastructure each year.

Hotel and lodging businesses are major consumers of energy, and the threat of rising energy costs risk our industry's long-term viability. AKHLA supports the Governor and Legislature in their effort to advance policies leading to the long-term reduction and stabilization of energy costs, and appreciates the introduction of HB 118.

We view the property-assessed clean energy (PACE) model as an innovative mechanism for financing energy efficiency and renewable energy improvements on our private properties. In local jurisdictions that chose to participate, HB 118 would allow hotel properties, large and small alike, to implement such improvements without having to make large, upfront cash payments. This would help eliminate a key disincentive to investing in energy improvements resulting in savings over time.

Passage of this legislation will help move our industry and Alaska's economy forward, and we urge you to take action and pass HB 118 this legislative session.

Sincerely,

Alicia Maltby, Executive Director
Alaska Hotel & Lodging Association

330 E. 4th Avenue, Suite 201 – Anchorage, AK 99501
Tel: (907) 272-1229 * Fax: (907) 272-1289 * Email: akhla@4aha.org

Alaska Bankers Association

P.O. Box 241489 • Anchorage, Alaska 99524-1489 • T: 907-261-3525 • F: 907-562-1758

March 16, 2015

The Honorable Click Bishop, Chair
Senate Community and Regional Affairs Committee
Alaska State Capitol
Juneau, AK 99801-1182

Re: Senate Bill 56 - Municipal Energy Improvement Assessments/Bonds

Dear Senator Bishop:

The Alaska Bankers Association supports economic development initiatives that lower the cost of energy and ensure adequate and reliable deliverability.

In response to the question raised by the Senate Community and Regional Affairs Committee on March 12, the Alaska Bankers Association is not opposed to Senate Bill 56 in its current form, which proposes to establish a commercial Property Assessed Clean Energy (PACE) program in Alaska that requires written consent from the lien holder.

Sincerely,



Steve Lundgren, President
Alaska Bankers Association



April 8, 2015

Emily Ford
Energy Policy and Outreach Manager
Alaska Energy Authority
813 W Northern Lights Blvd, Anchorage, AK 99503
Phone: 907-771-3961

eford@aidea.org

RE: Support for HB 118 - Property Assessed Clean Energy Act and SB56

My work insulating and replacing lights in buildings I own had a quick payback. There were immediate benefits in terms of efficient use of the buildings and 4-5 year paybacks in the direct costs. I have been fortunate that my small business was able to pay for this work out-of-pocket. Many small businesses (and that's most businesses in Alaska), don't have the cash flow to take advantage of the tremendous benefits of modern lights and insulation. Anything that can help with that is good for business and good for Alaska.

There are some energy efficiency projects that have long payback times that may exceed the time a small business is likely to own a building. The feature of this act that ties the reimbursement to the building instead of the owner should encourage property owners to get more ambitious in the efficiency projects they pursue.

The PACE routine would be a nice tool for any city that wants to encourage energy efficiency.

Thank you,

John Weddleton
President



Main Store: 2301 Spenard Rd, Anchorage, Alaska 99503 907-274-4112 Fax 907-274-4117
also in the Dimond Center 349-3963 and www.boscoss.com mailorders@boscoss.com



LEADER in All We Do

June 27, 2014

Department of Energy
1000 Independence Ave SW
Washington, DC 20585

Re: Support for Alaska Energy Authority Grant Application

To whom it may concern,

This letter is written in support of the grant application submitted by the Alaska Energy Authority (AEA) to the Department of Energy (DOE) to support implementation of a Property Assessed Clean Energy (PACE) program in the Fairbanks North Star Borough (FNSB).

The FNSB is Alaska's 2nd largest metropolitan area in Alaska with over 100,000 people and more than 1,300 privately owned commercial properties currently heating with diesel fuel. The high and unpredictable expense of fossil fuels, coupled with our harsh northern climate, make the cost of energy a severe burden in our community.

The Interior Energy Project, another energy project being implemented by the state, will expand the availability of natural gas to consumers in the FNSB by 2016. Development of a PACE program can offer an important financing tool to help businesses transition to this less expensive and cleaner burning fuel as soon as possible.

The faster the business community is able to convert from diesel to natural gas the sooner residential properties will see the benefits of access to natural gas for space and water heat. The more businesses that sign up for natural gas the better the economics for expanding the distribution system to encompass more residences.

The City of Fairbanks and the City of North Pole, both within the FNSB, were designated PM2.5 non-attainment areas in 2009, meaning they exceed the limit of 35 micrograms/cubic meter for fine particulate matter. This is a serious concern for public health as well as economic development. The Alaska Division of Air Quality analysis "...shows that local emission from wood stoves, burning distillate oil,

**industrial sources, and mobile emissions contribute to particulate pollution.”
Conversion from diesel to natural gas will improve air quality in the FNSB.**

Doyon is one of the thirteen Native regional corporations established by Congress under the terms of the Alaska Native Claims Settlement Act (“ANCSA”), Pub. L. No. 92-203, 85 Stat. 688 (1971), as amended. Headquartered in Fairbanks, Doyon has more than 18,500 shareholders, many of whom reside in remote villages with few economic opportunities. Doyon is the largest private landowner in Alaska, with a land entitlement under ANCSA of more than 12.5 million acres. Doyon’s mission is to promote the economic and social well-being of its shareholders and future shareholders, to strengthen its Native way of life, and to protect and enhance its land and resources. Doyon believes this program has the potential to positively impact our shareholders and communities living in our region.

I encourage the DOE to give favorable consideration to the AEA grant application that will support development of a PACE program in the Fairbanks North Star Borough. Funds for this effort could be critical in incentivizing businesses to invest in conversion to natural gas in the short run and create a financing mechanism to ease implementation of additional efficiency measures for years to come.

Sincerely,



**Aaron Schutt
President & CEO
Doyon, Limited**

March 3, 2015

**Ms. Emily Ford
Legislative Coordinator
Alaska Energy Authority
813 West Northern Lights
Anchorage, Alaska 99503**

Dear Ms. Ford,

The Interior Gas Utility is a municipal utility in the Fairbanks North Star Borough tasked by the borough and the community to deliver "low cost natural gas, to as many people possible, as quickly as possible." As part of that mission, I offer my support on behalf of the Interior Gas Utility for HB 118/SB 56.

The IGU service area incorporates the City of North Pole and areas within the FNSB surrounding the City of Fairbanks. Phase I of the project incorporates downtown North Pole and several commercial properties that would be classified as high demand users. While 40 commercial structures are anticipated to convert to natural gas in Phase I, this accounts for slightly less than 50% of the gas demand for the entire phase.

It is critical that high volume structures convert to natural gas as soon as possible to increase the demand for the project. Currently, no resources are available for commercial and multi-family structures, and the PACE Act will fill that void to assist in more rapid conversions. By the third year of natural gas availability in Phase I, 100% of commercial and 95% of multi-family homes are expected to be using natural gas as their primary heating source, a trend that is supported by the Cardno Entrix Conversions Analysis Report and ENSTAR's rate of conversion in Homer, AK.

The PACE Act eases financial roadblocks from the business community and property owners allowing them to convert to natural gas more rapidly with these financing options. Not only does this legislation provide a way for the larger users of natural gas to convert faster, it stimulates the economic wellbeing of the community, improving air quality and lowering heating costs for residents in the Interior.

It is without reservation that IGU offer to support this legislation to accomplish our mission for the benefit of the state, and specifically the FNSB community.

Sincerely,



**Steven Haagenson
General Manager**

PO Box 70200
Fairbanks, AK 99707

907 374 4474
interiorgas.com



CITY OF FAIRBANKS

John Eberhart, Mayor

**800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615**

OFFICE: 907-459-6793

FAX: 907-459-6787

mayor@ci.fairbanks.ak.us

March 11, 2015

**Ms. Emily Ford
Legislative Coordinator
Alaska Energy Authority
813 West Northern Lights
Anchorage, Alaska 99503**

Re: Senate Bill 56 and House Bill 118 – City of Fairbanks Support

Dear Ms. Ford:

I am writing to express the City of Fairbanks' support for the proposed legislation for PACE financing as detailed in Senate Bill 56 and House Bill 1118.

In the City of Fairbanks, energy efficiency is key to the financial viability of businesses, given our current high rates for heating and fuel costs. The proposed creation of a Property Assessed Clean Energy (PACE) program to help Alaska businesses finance retrofits on their buildings to make them more energy efficient would be a boon to our local businesses. There are currently few state programs aimed at helping commercial buildings become more efficient and this legislation would create another tool to increase the energy efficiency of businesses.

PACE would give business owners the opportunity to borrow from their local tax assessment district, and then pay the loan back through an additional tax assessment on their property. The program would be revenue neutral for the municipality, and would allow the loan to be attached to the building, rather than the building's owner. PACE programs in other states provide important benefits including reduction of energy costs and enhancement of property values and economic stimulation and development.

This opportunity for local businesses in the Golden Heart community is appreciated, and I thank the Alaska Energy Authority for supporting this program. I also applaud Governor Walker for introducing this legislation to help the City of Fairbanks become more energy efficient, while also bringing operating costs into a more reasonable range of expenditure.

Please encourage your colleagues in the Senate and House of Representatives to support this legislation.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Eberhart", is written over a horizontal line.

Mayor John Eberhart

Cc: City Council



Fairbanks North Star Borough

Mayor's Office

809 Pioneer Road P.O. Box 71267 Fairbanks, AK 99707-1267 T.(907)459-1300 F. (907)459-1102

March 10, 2015

Ms. Emily Ford
Legislative Coordinator
Alaska Energy Authority
813 W. Northern Lights Blvd.
Anchorage, AK 99503

Dear Ms. Ford

On behalf of the Fairbanks North Star Borough, I am writing to support the Property Assessed Clean Energy Act (PACE financing legislation contained in House Bill 118 and its companion, Senate Bill 56. The Fairbanks North Star Borough is the second largest municipality in the state, and faces some of the highest energy costs in the nation. Our community eagerly awaits delivery of natural gas to our city gates. When it arrives, numerous businesses-as well as home, utilities and government entities- will begin upgrading and replacing their power and heating systems. Additionally, assisting our local businesses to convert to more efficient natural gas energy will help improve our local air quality.

It is precisely for these reasons that I write in support of HB 118 and SB 56.

A well-conceived and executed Property Assessed Clean Energy (PACE) program will help Alaska businesses achieve needed energy retrofits, resulting in greater efficiencies and cost savings-all of which will make our businesses more successful and our economy more secure.

It is my understanding that similar programs in other states have resulted in reduction of energy costs, reduction of energy demand on local utilities, enhancement of property values and economic stimulation and development.

I strongly commend the concept of Property Assessed Clean Energy, and I thank the Administration for their work in bringing this idea forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Luke Hopkins".

Luke Hopkins
Mayor
Fairbanks North Star Borough



Municipality of Anchorage

Office of the Mayor

Ethan Berkowitz, Mayor

April 5, 2016

Representative Mark Neuman
State Capitol, Room 505
Juneau, Alaska 99801

Representative Steve Thompson
State Capitol, Room 515
Juneau, Alaska 99801

Dear Co-Chairs Neuman and Thompson,

I write in support of House Bill 118, adopting the Municipal Property Assessed Clean Energy (PACE) Act, which allows commercial property owners to finance qualifying energy efficiency improvements - through voluntary property tax assessments.

PACE legislation opens the door for local governments to foster economic growth and supports local economies through partnerships with banks and contractors. We have identified \$19 million in savings from potential building upgrades within the Municipality of Anchorage. HB 118 requires zero state funds to implement and participation is voluntary.

PACE is a proven piece of legislation, passed in thirty-five other states.

Sincerely,

Ethan Berkowitz

Ms. Emily Ford
Legislative Coordinator
Alaska Energy Authority
813 West Northern Lights
Anchorage, Alaska 99503

February 26, 2015

Dear Ms. Ford:

On behalf of Renewable Energy Alaska Project (REAP), I am writing to support the PACE financing legislation contained in House Bill 118 and its companion, SB 56. As you know, REAP is a statewide non-profit coalition of over 80 electric utilities, independent power producers and developers, Alaska Native organizations, businesses and NGOs with the goal of increasing renewable energy development and promoting energy efficiency in Alaska.

REAP has been advocating for over two years for the creation of a Property Assessed Clean Energy (PACE) program to help Alaska businesses finance retrofits on their buildings to make them more energy efficient. There are currently few state programs aimed at helping commercial buildings become more efficient and this legislation would create another tool to increase the energy efficiency of the state's building stock.

PACE would give business owners the opportunity to *voluntarily* borrow from their local tax assessment district, and then pay the loan back through an additional tax assessment on their property. The program would be revenue neutral for the municipality, and would allow the loan to be attached to the building, rather than the buildings owner.

PACE programs in other states are already providing important benefits including reduction of energy costs, reduction of energy demand on local utilities, enhancement of property values and economic stimulation and development.

Thanks to the Alaska Energy Authority for promoting PACE, and to Governor Walker for introducing this legislation to help Alaska be more efficient, and keep energy dollars circulating in the state's economy.

Sincerely,



Chris Rose
Executive Director

1 CITY OF NORTH POLE

2 RESOLUTION 15-10

3

4 A RESOLUTION OF THE NORTH POLE CITY COUNCIL SUPPORTING
5 HOUSE BILL 118 AND SENATE BILL 56 "AN ACT ADOPTING THE
6 MUNICIPAL PROPERTY ASSESSED CLEAN ENERGY ACT;
7 AUTHORIZING MUNICIPALITIES TO ESTABLISH PROGRAMS TO
8 IMPOSE ASSESSMENTS FOR ENERGY IMPROVEMENTS IN REGIONS
9 DESIGNATED BY MUNICIPALITIES; IMPOSING FEES; AND PROVIDING
10 FOR AN EFFECTIVE DATE"

11 WHEREAS, HB 118 and SB 56 was introduced by Governor Walker to create the
12 Property Assessed Clean Energy (PACE) program to help Alaska businesses finance
13 retrofits on their buildings to make them more energy efficient; and

14 WHEREAS, assessed clean energy programs allow property owners to finance
15 qualifying energy efficiency improvements overtime through a voluntary assessment on
16 the property tax bill; and

17 WHEREAS, implementation of the PACE program is voluntary by municipalities and
18 commercial property owners; and

19 WHEREAS, mortgage holder consent is required before applications are approved and
20 assessments are placed; and

21 WHEREAS, improvements can include lighting upgrades, renewable energy,
22 conversion to natural gas, high-efficiency boilers, and additional energy efficiency
23 improvements; and

24 WHEREAS, the repayment obligation transfers with the sale of property; and

25 WHEREAS, PACE programs were named one of the top 20 "world-changing ideas by
26 Scientific American magazine"; and

27 WHEREAS, energy efficiency upgrades are financed with capital secured by a primary
28 lien on the property, lower-interest capital and favorable repayment terms that can be
29 raised from the private sector; and

30 WHEREAS, PACE allows for longer repayment periods allowing the building owner
31 to recognize immediate operating savings while repaying the debt; and

32 WHEREAS, PACE can use traditional lending sources; and

33 WHEREAS, PACE Programs in Alaska, provide consistency with state energy policy,
34 energy efficiency and renewable energy goals; and

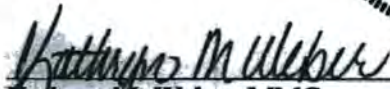
35 WHEREAS, 31 states have authorized PACE programs; and
36 WHEREAS, the Alaska State Legislature must provide authority for local governments
37 to establish and operate commercial PACE programs; and
38 WHEREAS, in the State of Alaska there are 24 eligible local governments with a total
39 population of 639,314; and
40 WHEREAS, Improvements may not be made to vacant lots or property undergoing
41 development at the time of assessment; and
42 WHEREAS, PACE programs may not be used to finance the purchase of temporary
43 products or anything not permanently fixed to real property
44
45 NOW THEREFORE BE IT RESOLVED, that the North Pole City Council supports
46 implementation of House Bill 118 and Senate Bill 56.
47 PASSED AND APPROVED by a duly constituted quorum of the North Pole City
48 Council this 16th day of March, 2015.

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Bryce J. Ward, Mayor

ATTEST:


Kathryn M. Weber, MMC
North Pole City Clerk

PASSED/FAILED Yes: 6-McCarthy, Smith, Holm, Hunter, Welch, Ward No: 0 Absent: 1 - McGhee

From: [Sen. Anna MacKinnon](#)
To: [Senate Finance Committee](#)
Subject: FW: Support for HB 118 - Muni Energy Improvement Assessments/Bonds
Date: Wednesday, April 13, 2016 12:20:29 PM

From: Stephen Trimble [mailto:strimble@arcticsolarventures.com]
Sent: Wednesday, April 13, 2016 12:12 PM
To: Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>
Subject: Support for HB 118 - Muni Energy Improvement Assessments/Bonds

Honorable Co-Chair, Senator MacKinnon.

I urge your support of the passage of HB 118 - Muni Energy Improvement Assessments/Bonds as a valuable tool, not only to enable commercial property owners additional access to financing tools for energy efficiency upgrades, but also to promote the clean energy industry in Alaska. As a company we are keenly aware that simply the act of presenting financing options is a dominant driver for customers in our industry.

We are at a time in Alaska's history when looking to the future through the promotion of new industry has never been more important or timely. Alaska has all of the makings for a robust clean energy economy and doing your part to enable opportunity for citizens is one that will not go unnoticed.

Best regards,

Stephen Trimble | Founder, CEO

Arctic Solar Ventures
1407 W 31st Ave, Suite 301
Anchorage, AK 99503
Main: (907) 268-4188
Direct: (907) 205-4310
strimble@arcticsolarventures.com
www.arcticsolarventures.com

From: [Sen. Anna MacKinnon](mailto:Sen.Anna.MacKinnon)
To: [Senate Finance Committee](mailto:Senate.Finance.Committee)
Subject: FW: Support for Property Assessed Clean Energy (PACE) legislation
Date: Wednesday, April 13, 2016 12:20:43 PM

From: McDonough, Amber [mailto:amber.mcdonough@siemens.com]
Sent: Wednesday, April 13, 2016 10:14 AM
To: Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Peter Micciche <Sen.Peter.Micciche@akleg.gov>; Sen. Click Bishop <Sen.Click.Bishop@akleg.gov>; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>
Subject: Support for Property Assessed Clean Energy (PACE) legislation

Greetings Senators,

I understand that the Senate Finance Committee is considering passage of HB 118 or "Commercial PACE" (Property Assessed Clean Energy) makes it easier for commercial building owners to install energy efficiency improvements on their property. I strongly support this bill since it will open up new opportunities for commercial building owners to utilize an innovated funding vehicle to encourage them to make their facilities more energy efficient.

Best regards,

Amber McDonough, P.E.
Account Executive - Alaska

SIEMENS INDUSTRY, INC.
Building Technologies
Energy & Environmental Solutions
5333 Fairbanks Street, Suite B
Anchorage, AK 99518
Direct: (907) 273-2504
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Email: amber.mcdonough@siemens.com

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Doniece Gott

From: Sen. Anna MacKinnon
Sent: Friday, April 15, 2016 11:22 AM
To: Senate Finance Committee
Subject: FW: HB 118 - PACE Legislation

From: Sam Steele [mailto:samsteele@ak.net]
Sent: Friday, April 15, 2016 11:17 AM
To: Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Peter Micciche <Sen.Peter.Micciche@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; Sen. Click Bishop <Sen.Click.Bishop@akleg.gov>; Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>
Subject: HB 118 - PACE Legislation

Dear Members of Senate Finance Committee,

I would like offer my support behind the PACE (Property Assessed Clean Energy Act) legislation bill.

After hearing from the Alaska Energy Authority last week at a meeting here at our firm, I wholeheartedly believe that this is a great tool for our statewide businesses and municipalities to embrace and implement energy conservation measures in its various forms.

I hope and encourage you that your vote to be in favor of HB 118.

Sincerely,

Sam

Sam Steele

Jack White Commercial
3801 Centerpoint Drive Suite 101
Anchorage, AK 99503

Cell: 907.240.9489
Direct: 907.762.7565
Fax: 907.762.1838

samsteele@ak.net



"The single biggest problem in communication is the illusion it has taken place"
- George Bernard Shaw

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