

SB

39

<TARGET><BILL>SB 39</BILL><SUBJECT>SB
39</SUBJECT><COMM>SCRA30</COMM></TARGET>

30th Alaska State Legislature

Judiciary Committee

Chairman

Resources Committee

Vice-Chair

Education Committee

Vice-Chair

State Affairs Committee

Select Committee on Legislative

Ethics

Joint Armed Services Committee



Senator John Coghill

Session Address:
State Capitol, Room 119
Juneau, AK 99801-1182
(907) 465-3719
Fax (907) 465-3258

Interim Address:
1292 Sadler Way, Suite 340
Fairbanks, AK 99701
(907) 451-2997
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www.alaskasenate.org

SPONSOR STATEMENT

SB 39 - Commercial Property Assessed Clean Energy Act

Senate Bill 39 would set up a system to allow municipalities and commercial property owners to participate in a Commercial Property Assessed Clean Energy (C-PACE) finance program. The Act allows municipalities to assess a C-PACE fee to a commercial property owner's annual property tax bill to repay a PACE loan by a third party such as a commercial bank or through a program administered by the borough.

Using a successful program from Texas, this legislation sets forth a boiler plate system for creating PACE programs requiring a description of qualified projects, description of the boundaries of a region within the borough, a description of third party programs or municipal funding of qualified projects, description of fees for municipal assessments for third party loaners, a requirement for written contracts, and public notice and public hearing to establish a PACE program.

Creating a uniform process and requiring written contracts between all parties will give credibility to the program and, as experienced in Texas, commercial banks are more willing to finance qualified projects with low interest rates and more assurance that the loans will be paid.

Municipalities will be allowed to issue bonds or notes as a funding source for providing loans. A second class borough could establish this program by regions either areawide or nonareawide.

The bill prohibits a municipality from issuing a permit, license or other authorization of property based on a contingency that the person enter into a PACE contract.

Liens for PACE loans are paramount to all other liens except municipal tax liens and special assessments.

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/25/17

FURTHER: FINANCE

DATE TURNED
IN TO OFFICE: 2/2/17

Community and Regional Affairs Committee considered SENATE BILL NO. 39

SB 39-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 CS SB 39 (CRA) [] Same Title [] New Title
- adopt previous CS _____ (_____) [] Same Title [] New Title
- 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 #
<u>CED</u>			<input checked="" type="checkbox"/>	<u>1</u>

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
<u>Berta Gardner</u>	<u>Gardner</u>	<input checked="" type="checkbox"/>			
<u>Anna Mackinnon</u>	<u>Mackinnon</u>	<input checked="" type="checkbox"/>			
CHAIR: <u>Club Bishop</u>	<u>Bishop</u>	<input checked="" type="checkbox"/>			

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: CS SB 39 (CRA)
 Fiscal Note Number: 1
 Publish Date: 2 | 3 | 17

Identifier: SB039-DCCED-AEA-01-27-17
 Title: MUNI ENERGY IMPROVEMNT
 ASSESSMNTS/BONDS
 Sponsor: COGHILL
 Requester: (S) CRA

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)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
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

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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:

Not applicable, initial version.

Prepared By: Michael Lamb, Interim Executive Director Phone: (907)771-3009
 Division: Alaska Energy Authority Date: 01/27/2017 12:00 PM
 Approved By: Catherine Reardon, Director Date: 01/27/17
 Agency: Division of Administrative Services, DCCED

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 39

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-three other states have created similar financing structures. Under a PACE program, interested business owners first have their buildings audited to determine potential energy savings. Then, they 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.

This legislation 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.

The Alaska Energy Authority does not anticipate fiscal impact from this legislation.

30th Alaska State Legislature

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SECTIONAL

SB 39 - Commercial Property Assessed Clean Energy Act

Sec. 1. Adds C-PACE financing to powers of Home Rule municipalities.

Sec. 2. Adds C-PACE financing to powers of First Class Boroughs.

Sec. 3. Adds C-PACE financing to powers of Second Class Boroughs on a nonareawide basis.

Sec. 4. Adds C-PACE financing to powers of Second Class Boroughs on an areawide basis.

Sec. 5. Creates a new chapter (Chapter 55) of law under Title 29 – Municipal Government which establishes the Municipal Property Assessed Clean Energy Act, sets the requirements for establishing the program:

(b)(1) Adopt a resolution of intent with findings, intent, description of eligibility of property owners and projects, repayment, third-party financing, municipal debt servicing procedures for third-party financing.

(2) Provide a notice of the report regarding assessment program with location of the report, time and place of public hearing, name of local administrator of program, and name of the assessor.

(3) Hold a public hearing taking public comment.

(4) Adopt an ordinance establishing the program and the terms of the program.

(c) A municipality may hire a program director or contract for professional services to administer the program.

(d) A municipality may set an application fee, an interest rate, or a combination of both to offset costs of administering the program.

Sec. 29.55.105. (a) Allows for an assessment to be imposed to repay the financing of qualified projects on commercial real property in the municipality that adopts the program.

- (b) All parties to the loan must have a written contract.
- (c) Identifies qualifying costs.
- (d) Qualified projects do not include undeveloped lots or lots undergoing development at the time of assessment or the purchase of products or devises that are not a permanent part of the property.
- (e) Provides that a municipality can create programs in more than one region of the municipality.

Sec. 29.55.110. To create a program a municipality must prepare a report with the following items:

- (a)
 - (1) A map showing the boundaries of each region of the municipality in the program.
 - (2) A form for written contracts between municipality and property owner.
 - (3) A form for written contracts between the municipality and third-party financiers.
 - (4) A description of qualified projects.
 - (5) A plan ensuring third-party financing sources(s) and, if applicable, raising capital for municipal funding (such as bonding).
 - (6) Setting perimeters for issuance of bonds.
 - (7) Justifying the period of assessment.
 - (8) Description of application process and eligibility for funding.
 - (9) Solvency requirements for applicant.
 - (10) Process municipality will use to assess the property and collect assessments.
 - (11) Method of notice to mortgage holder required for participation.
 - (12) Method of review by third party.
 - (13) Description of marketing and participant education provided by the municipality.
 - (14) Description of quality assurance and antifraud measures.
- (b) The report will be made available on the Internet website of the municipality and at the primary administrative office of the municipality.

Sec. 29.55.115. Requires the municipality to give 30-day notice to any mortgage holder on the property and obtain written consent from them to enter into a written contract with the property owner.

Sec. 29.55.120. Requires a review from an independent third party of the baseline conditions, savings, and verification of completion of project.

Sec. 29.55.125. Allows property owner to purchase equipment and materials directly; and contract directly for services.

Sec. 29.55.130. Requires the municipality to record in the appropriate recording district details of a C-PACE assessment.

Sec. 29.55.135.

(a) C-PACE assessments are paramount to all other liens except municipal tax liens and other special assessments.

(b) Assessment liens run with the property and remaining balances are not eliminated by foreclosure.

(c) Penalties and interest can be added to delinquent installments.

(d) Allows municipalities to recover costs and expenses of a lawsuit to collect delinquent PACE assessments.

Sec. 29.55.140. Allows a municipality to issue bonds or notes to finance PACE projects.

Sec. 29.55.145. Allows a municipality to enter into an agreement with a third party or one or more municipalities to administer a C-PACE program.

Sec. 29.55.150. A municipality may not coerce a property owner by making the issuance of a permit, license, or other authorizations from the municipality contingent on that property owner entering into a PACE contract.

Sec. 29.55.155. Applicability section.

Sec. 29.55.160. Definitions.

Sec. 29.55.165. Short title.

Sec. 6. Immediate effective date.



Municipality of Anchorage

Office of the Mayor

Ethan Berkowitz, Mayor

January 26, 2017

Senator John Coghill
State Capitol, Room 119
Juneau, Alaska 99801

Dear Senator Coghill,

I write in support of Senate Bill 39, 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. SB 39 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

Senator John Coghill
Alaska State Capitol
Juneau, Alaska

January 26, 2017

Dear Senator Coghill:

On behalf of Renewable Energy Alaska Project (REAP), I am writing to support the PACE financing legislation contained in Senate Bill 39 and its companion, HB 80. 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 the creation of a Publicly Assessed Clean Energy (PACE) program for several years 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 building 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.

Thank you for introducing this important legislation to help Alaskans be more efficient, and keep energy dollars circulating in the state's economy.

Sincerely,



Chris Rose
Executive Director

Rynniewa Moss

From: Mitchell, Deven J (DOR) <deven.mitchell@alaska.gov>
Sent: Friday, February 03, 2017 2:08 PM
To: Rynniewa Moss
Subject: RE: Question about bond bank

Sure, generally the types of things that you would expect from a lender when trying to examine credit worthiness for example:

Trends in the community that might indicate potential for stress (decreasing population, property values, tax levels and collection rates)

How the PACE payments fell in priority relative to property tax collections (is the first dollar for PACE or the last)

What is the framework for dealing with a fully or partially delinquent property owner. Does the municipality have a demonstrated history of aggressive collection practice with delinquent tax liabilities.

What kind of coverage is provided by the loan (will net PACE collections (the amount available for repayment of the loan after any operating charges) be equal to 1.25 (or some other ratio) of debt service to ensure full payment of debt service each year.

Diversity of commercial properties taking advantage of the program (if they are all one industry, more risky)

These are just examples and would obviously vary depending upon the community, size of loan and number of participating commercial properties.

Deven

From: Rynniewa Moss [mailto:Rynniewa.Moss@akleg.gov]
Sent: Friday, February 3, 2017 1:55 PM
To: Mitchell, Deven J (DOR) <deven.mitchell@alaska.gov>
Subject: RE: Question about bond bank

Can you tell me what that list of requirements is?

From: Mitchell, Deven J (DOR) [mailto:deven.mitchell@alaska.gov]
Sent: Friday, February 03, 2017 1:53 PM
To: Rynniewa Moss <Rynniewa.Moss@akleg.gov>; DOR TRS AMBBA <dor.trs.ambba@alaska.gov>
Subject: RE: Question about bond bank

Rynniewa,

Short answer is yes, a municipality could apply to the Bond Bank for a loan that was going to funnel through to commercial property owners for clean energy projects. However, there would be a list of requirements for the approval of any loans requested. Further, as the Bond Bank has statutes that allow for interception of State aid in the event of a payment default, the municipality would have to be very supportive of the loans.

Deven

Deven Mitchell
Debt Manager, Department of Revenue
Executive Director, Alaska Municipal Bond Bank
(office) 907-465-3750
(cell) 907-723-3080

From: Rynnieva Moss [<mailto:Rynnieva.Moss@akleg.gov>]
Sent: Friday, February 3, 2017 1:44 PM
To: DOR TRS AMBBA <dor.trs.ambba@alaska.gov>
Subject: Question about bond bank

I am attaching SB 39 which creates the Commercial Property Assessed Clean Energy Act. Senate Bill 39 would set up a system to allow municipalities and commercial property owners to participate in a Commercial Property Assessed Clean Energy (C-PACE) finance program. The Act allows municipalities to assess a C-PACE fee to a commercial property owner's annual property tax bill to repay a PACE loan by a third party such as a commercial bank or through a program administered by the borough.

Can the Municipal Bond Bank could be used to provide backing for the loans?

Department of RevenueAlaska Municipal Bond Bank Authority[State of Alaska](#) > [Revenue](#) > [AMBBA](#) > [Home](#)

Alaska Municipal Bond Bank Authority

AMBBA is a public corporation established to aid authorized Alaskan borrowers in financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors, and docks (AS 44.85.005 through 44.85.420) (AK Admin Code ch. 144). AMBBA generates funding by selling bonds on the national market, and using the proceeds to purchase bonds from authorized borrowers within the State. Administratively supported by Department of Revenue staff, a board of five directors determines the Bond Bank's actions such as setting interest rates and approving loans.

The Bond Bank has an excellent loan record and has received an "AA / Outlook Negative" credit rating from Fitch Ratings, and an "AA / CreditWatch Negative" rating from Standard & Poor's Ratings Services. With these ratings, it is able to borrow money at favorable interest rates. From inception in 1975, all Bond Bank debt service has been paid by borrowers, but the amount of interest they paid was significantly reduced.

What Can the Bond Bank do for You

During fiscal year 2016, the Bond Bank entered into 16 loan agreements. Bond Bank loans resulted in 7 construction projects located in 5 communities, and refinanced 3 existing loans for savings. Included in fiscal year 2016 totals are the University of Alaska Fairbanks heat and power plant project, and a refinancing of the Tanana Chiefs Conference Chief Andrew Isaac Health Center for savings. The Bond Bank issued approximately \$233 million in bonds that generated \$256.9 million in funding. Bond Bank activity resulted in one \$3.1 million direct loan, \$180.6 million in loans for new capital projects, and \$76.3 million to refinance loans for savings. Bond Bank activity in fiscal year 2016 resulted in present value savings of approximately \$50.7 million to all borrowers.

Some smaller communities are at a disadvantage in the financial markets. They may have lower bond ratings, and although credit worthy, have not issued bonds or notes, have little outstanding debt, or lack investor familiarity. The Bond Bank is able to borrow money at favorable interest rates to purchase the bonds of Alaskan municipalities and authorized borrowers. These municipalities and authorized borrowers then pay principal and interest to the Bond Bank on their debt.

During fiscal year 2015, the legislature passed, and the Governor signed into law a bill to authorize the Bond Bank to make loans to Joint Action Agencies and Regional Health Organizations, effective May 26, 2015. Joint Action Agency lending is now part of the main political subdivision program. Regional Health Organization lending is limited to no more than \$205 million in total, no more than 49% of any single project where the other 51% of the project's funding is in place, and not more than \$102.5 million for any single project.

Whether you are a new community to the Bond Bank, or you already have loans outstanding, we are here to help you analyze your current debt service structure, and see if there's an opportunity to obtain new financing or perform a refunding of an outstanding series of bonds.

Bond Bank Documents

- [Bond Application \(Excel\)](#)
- [FY 2016 Annual Report](#)
- [FY 2016 Audited Financial Statements](#)
- [FY 2015 Annual Report](#)
- [FY 2015 Audited Financial Statements](#)
- [FY 2014 Annual Report](#)
- [FY 2014 Audited Financial Statements](#)
- [FY 2013 Annual Report](#)
- [FY 2013 Audited Financial Statements](#)
- [Notice of Independent Registered Municipal Advisor](#)

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Senator John Coghill
Alaska State Capitol
Juneau, Alaska

January 26, 2017

Dear Senator Coghill:

On behalf of Renewable Energy Alaska Project (REAP), I am writing to support the PACE financing legislation contained in Senate Bill 39 and its companion, HB 80. 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 the creation of a Publicly Assessed Clean Energy (PACE) program for several years 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 building 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.

Thank you for introducing this important legislation to help Alaskans be more efficient, and keep energy dollars circulating in the state's economy.

Sincerely,



Chris Rose
Executive Director



Municipality of Anchorage

Office of the Mayor

Ethan Berkowitz, Mayor

January 26, 2017

Senator John Coghill
State Capitol, Room 119
Juneau, Alaska 99801

Dear Senator Coghill,

I write in support of Senate Bill 39, 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. SB 39 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



Fairbanks North Star Borough

Mayor's Office

907 Terminal Street P.O. Box 71267 Fairbanks, AK 99707-1267 T.(907)459-1300 F.(907)459-1102

January 27, 2017

Senator John Coghill
State Capitol, Room 119
Juneau, Alaska 99801

RE: SB 39 – Municipal Property Assessed Clean Energy Act

The Fairbanks North Star Borough offers our support to SB 39 regarding the adoption of the Municipal Property Assessed Clean Energy Act (PACE).

The FNSB faces some of the highest energy costs in the nation. Additionally, the FNSB has some of the worst air quality in the nation and faces re-designation by the EPA from “moderate” to “serious” non-attainment within the coming year. Natural gas distribution throughout our community could help alleviate challenges related to energy costs and air quality. With the recent signing of the MOU by the Interior Gas Utility (IGU) and the Alaska Industrial Development and Export Authority (AIDEA) regarding the potential purchase of Pentex, the Borough is optimistic of natural gas being more readily available in the foreseeable future. The adoption of PACE would provide the Borough the ability to offer a financing structure for the numerous commercial entities in our community to convert to natural gas.

While the current price of oil means that natural gas may not be as cost effective as it has been in the recent past, the efficiency and cleanliness of natural gas compared to oil as a fuel source will help improve our local air quality. We also acknowledge that PACE programs can fund other energy efficiency and cost saving measures or retrofits, which results in energy cost savings due to reduced energy demand.

Similar programs in other states have seen numerous benefits to PACE programs being established, including the reduction of energy costs, reduction of energy demand on local utilities, enhanced property values, and economic stimulation and development.

For these reasons, I heartily support SB 39.

Thank you,

Karl W. Kassel, Mayor

Rynniva Moss

From: Crystal Enkvist <cenkvist@alaskapower.org>
Sent: Thursday, February 02, 2017 4:06 PM
To: Rynniva Moss
Subject: C-PACE legislation

Good afternoon, Rynniva. The Alaska Power Association Board met this afternoon and voted to support the Commercial Property Assessed Clean Energy (C-PACE) bill sponsored by Senator Coghill. I will soon send a letter of support.

Kind regards,
Crystal Enkvist
Executive Director
Alaska Power Association

Sent from my iPad

Rynniva Moss

From: Brittany Smart <BSmart@fnsb.us>
Sent: Friday, February 03, 2017 1:45 PM
To: Rynniva Moss
Cc: Jeff Stepp; Karl Kassel; Yuri Morgan
Subject: RE: Senate Finance hearing on SB 39

Hi Ms. Moss:

I will be in attendance at Monday's Senate Finance hearing to testify in support of SB39.

Thanks,

Brittany Smart

Special Assistant to the Mayor

Fairbanks North Star Borough

Office: (907) 459-1300

Direct: (907) 459-1302

www.fnsb.us

From: Rynniva Moss
Sent: Thursday, February 02, 2017 4:50 PM
To: Sean Skaling (sskaling@aidea.org) <sskaling@aidea.org>; 'Gene Therriault' <GTherriault@aidea.org>; 'Brause, Ona' <BrauseO@ci.anchorage.ak.us>; 'mayor@ci.fairbanks.ak.us' <mayor@ci.fairbanks.ak.us>; 'kkassel@co.fairbanks.ak' <kkassel@co.fairbanks.ak>; 'Chris Rose' <chris@realaska.org>; 'jstewart@interiorgas.com' <jstewart@interiorgas.com>; 'Bryce Ward' <mayor@northpolealaska.com>
Subject: Senate Finance hearing on SB 39

SB 39 C-PACE is scheduled for hearing Monday morning at 9:00 a.m. The committee aide has requested a list of people testifying. Do you or someone from your organization plan to testify?



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

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



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



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, appearing to read 'Rachael Petro', written over a horizontal line.

Rachael Petro
President and CEO

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**

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,

A handwritten signature in black ink, appearing to read "John Weddleton". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke.

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.boscos.com mailorders@boscos.com

From: [Sen. Anna MacKinnon](#)
To: [Senate Finance Committee](#)
Subject: FW: HB 118 - PACE Legislation
Date: Friday, April 15, 2016 11:21:43 AM
Attachments: [2015-10-09_12-10-53.png](#)

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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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



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".

Mayor John Eberhart

Cc: City Council

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

Commercial Property Assessed Clean Energy (C-PACE)

Sean Skaling, Asst. Executive Director
& Energy Policy Director
Alaska Energy Authority

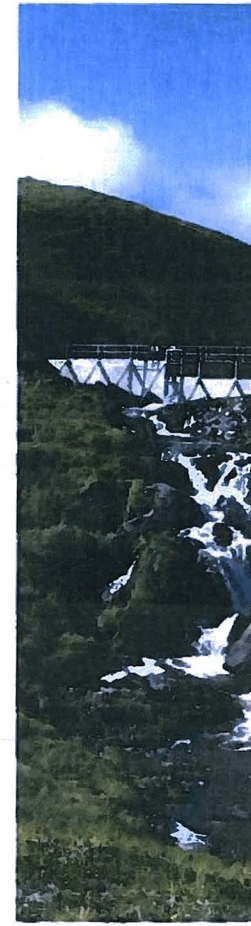
Gene Therriault, Energy Policy Assistant
AEA/ AIDEA

Senate Finance Committee

February 6, 2017



www.akenergyauthority.org



Commercial Property Assessed Clean Energy

C-PACE is a financing mechanism for cost-effective energy improvements to commercial buildings.

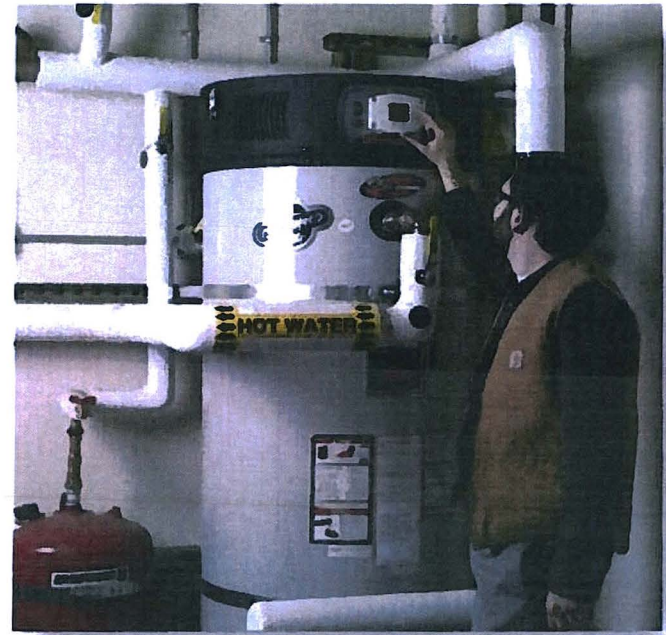
Energy improvement loans are repaid through a separate, voluntary line on the property tax bill.

C-PACE Scenario



How C-PACE Works

- VOLUNTARY
- Long-term financing
- Attractive loan terms
- Less risk
- Positive cash flow
- Seamless transfer if building sold
- Repayment attached to property



C-PACE Eligible Improvements

Energy efficiency

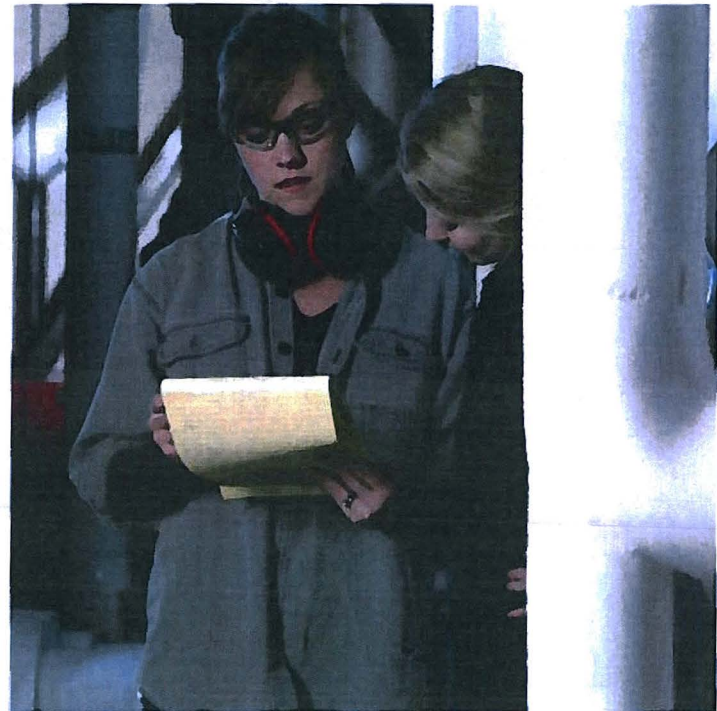
- Heating/cooling system
- Lighting
- Controls
- Building envelope/insulation
- Motors/pumps



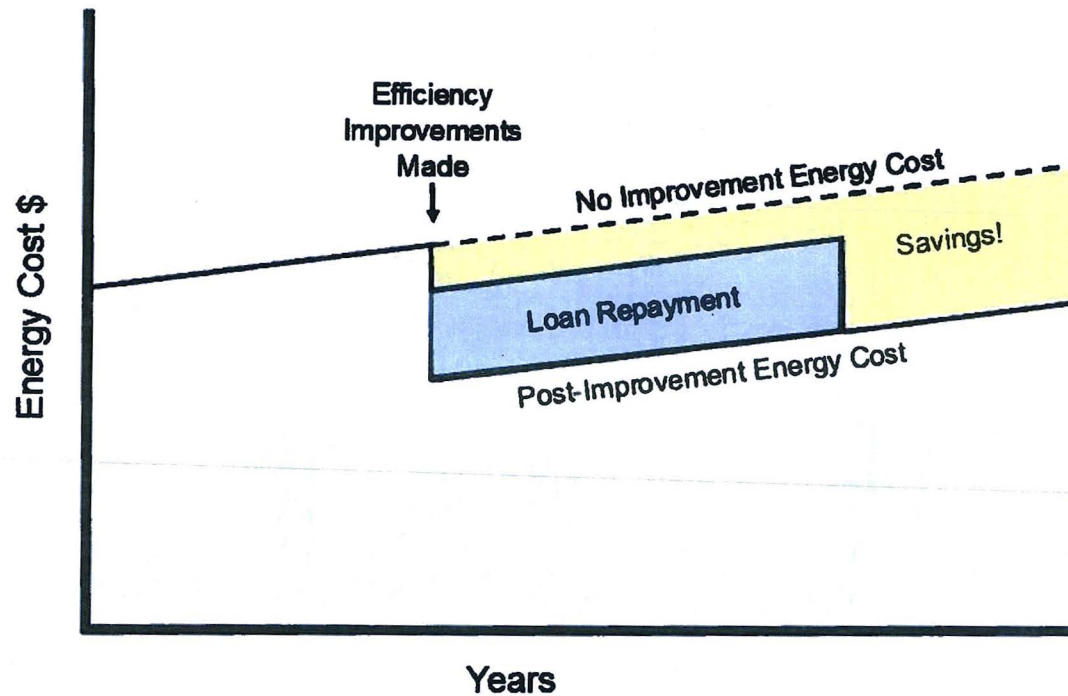
C-PACE Eligible Improvements

Alternative energy

- Heat pumps
- Solar
- Fuel switching with efficiency

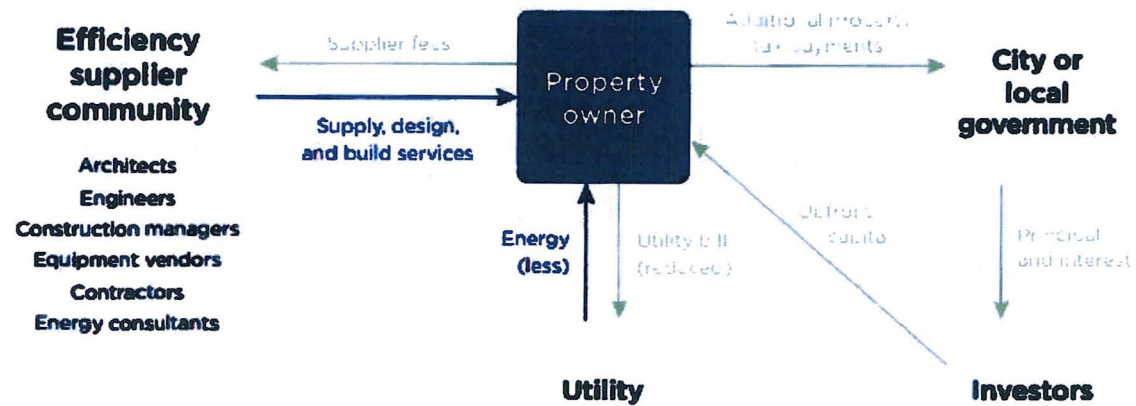


Cash Flow from Energy Improvements

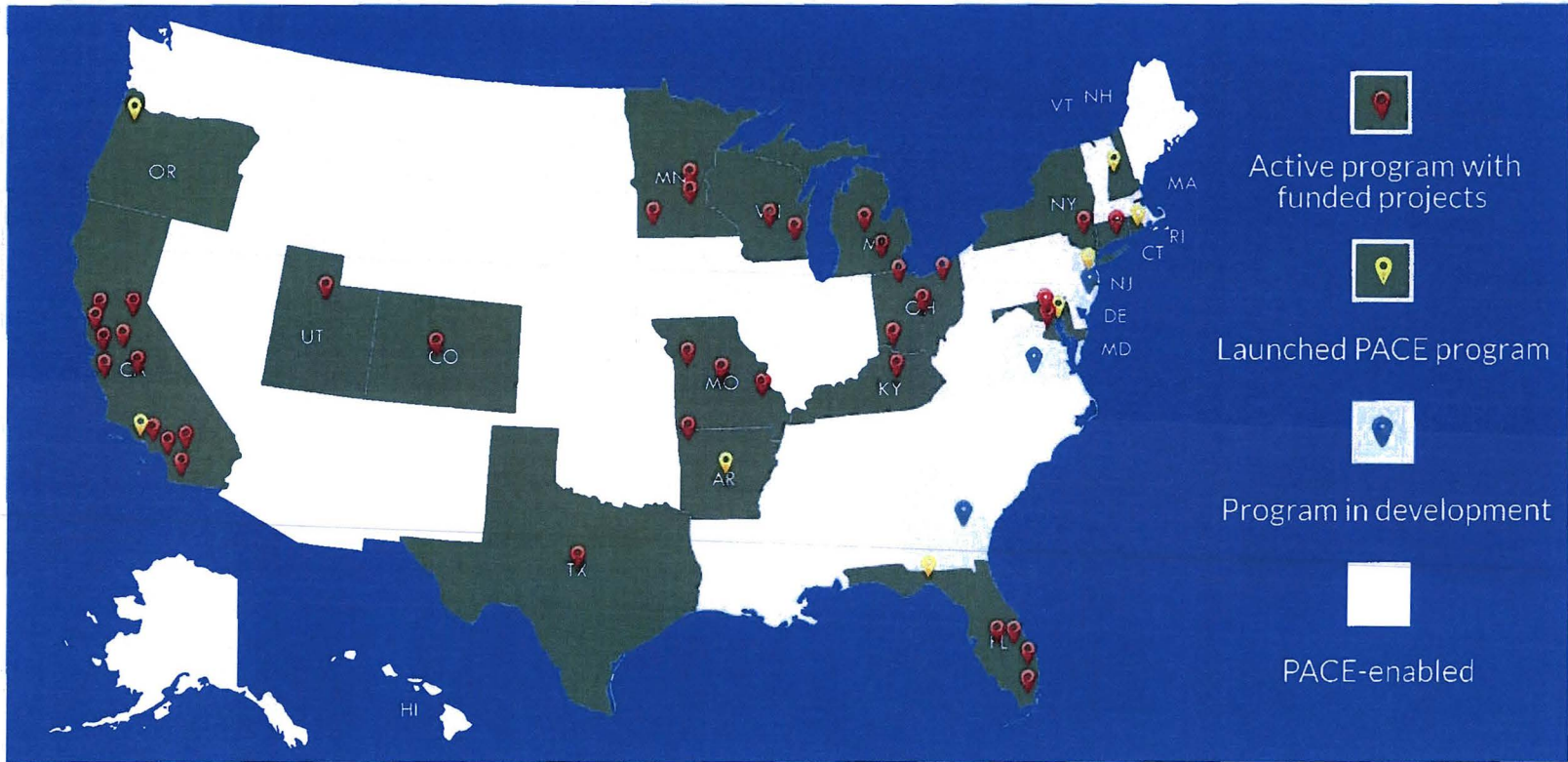


PACE: How Loan is Repaid

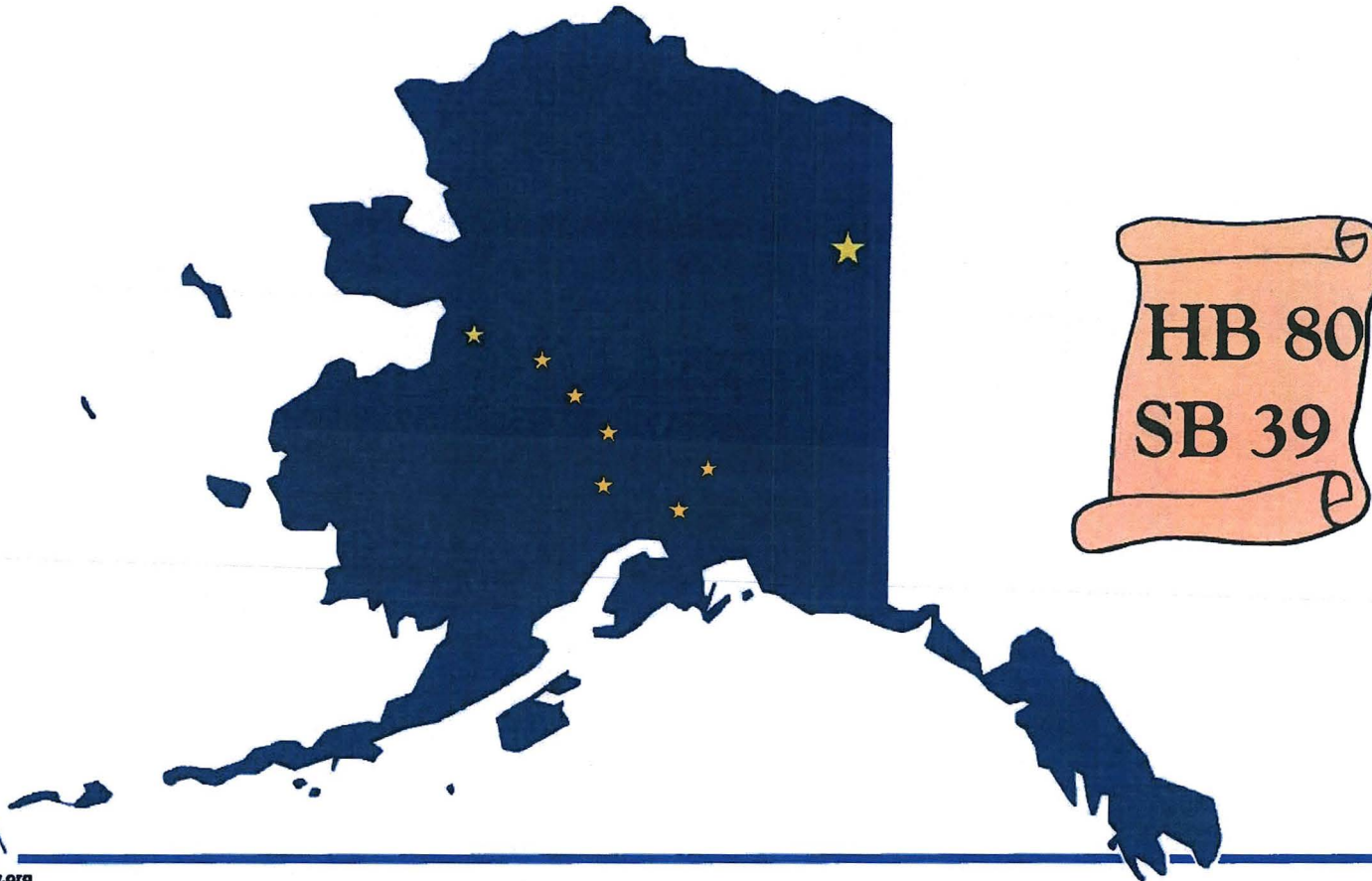
Property Assessed Clean Energy (PACE)—Open Market



33 States Enabled PACE



Time to Add Alaska to the Map



C-PACE is a Win-Win-Win...

- Property owners
- Lenders
- Contractors, vendors
- Energy auditors
- Alaska economy



Easy Win for Alaska

- Fully vetted last session
- Strong support
- Completely voluntary
- No cost to State
- Helps local and state economy

Financing Options

- Bank loan
- Muni revenue bond
- Energy Efficiency and Conservation Loan Program (EECLP)
- Rural Energy Savings Program (RESP)
- Other federal sources



ALASKA ENERGY AUTHORITY

813 West Northern Lights Blvd.

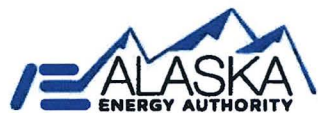
Anchorage, Alaska 99503

Phone: (907) 771-3000

Fax: (907) 771-3044

Toll Free (Alaska Only) 888-300-8534

AEA's mission: Reduce the cost of energy in Alaska.



www.akenergyauthority.org
