

**HB**

**36**

<TARGET><BILL>HB 36</BILL><SUBJECT>HB  
36</SUBJECT><COMM>HENE27</COMM></TARGET>

# ALASKA STATE LEGISLATURE

## REPRESENTATIVE KURT OLSON

- Chair: Labor and Commerce
- Vice Chair: Rules, Administrative Regulation Review  
Economic Development Trade & Tourism
- Member: Energy, Legislative Budget & Audit

Session: January - April  
State Capitol, Room 24  
Juneau, AK 99801-1182  
Phone: 907-465-2693  
Fax: 907-465-3835



Interim: May - December  
145 Main Street Loop, Ste 221  
Kenai, AK 99611  
Phone: 907-283-2690  
Fax: 907-283-2763

Official Business

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### Sponsor Statement

#### HB 36 - Energy Efficient Small Business Grant Fund and Program

Rising energy costs in Alaska mean that energy expenditures have an increasingly substantial impact on the bottom line of small businesses in the state. As such, building energy efficient business structures is in the interest of any small business owner who wishes to save energy and money.

Currently, the state provides an incentive for homeowners to improve the energy efficiency of their homes through the Alaska Housing Finance Corporation's Home Energy Rebate Program. House Bill 36 is modeled after this residential program and aims to help small business owners optimize energy usage at the lowest possible cost.

The Small Business Energy Rebate Fund and Program would allow small business owners wishing to make energy efficiency improvements on their businesses to receive a rebate for some of their expenditures. The program requires an energy rater to evaluate the business structure before and after the improvements. Rebates would then be dependent on the relative amount of efficiency gained and receipts from eligible improvements chosen by the business owner from the energy rating's improvement options list.

There are over 16,000 small employers in Alaska today. Extending the energy efficiency grants that homeowners enjoy to small business owners is one way to encourage energy efficiency and to help the small business owners that are such an important source of employment and opportunity in Alaska.

I respectfully ask for your consideration of this bill and look forward to hearing your questions and concerns.

27-LS0213A  
Last Modified 2/9/11  
Jennifer Senette

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### Sectional Summary

#### HB 36 - Energy Efficient Small Business Grant Fund and Program

The following is a sectional summary of HB 36 and is not an authoritative representation of the bill. For an authoritative interpretation, please refer to the bill itself.

**Section 1:** amends AS 18.56.010 which establishes the purpose for the Alaska Housing Finance Corporation

Subsection (h) is added enabling the Alaska Housing Finance Corporation to expand the concept of the Alaska energy efficient home grant fund to include small businesses

**Section 2:** amends AS 18.56 by adding new section titled Alaska Energy Efficient Small Business Grant Fund

Subsection (a) establishes the Alaska energy efficient small business grant fund in the corporation

Subsection (b) permits the corporation to make a grant from the fund to qualifying businesses provided that

- 1) the assessed value of the structure to be retrofitted or constructed with the grant does not exceed \$1,000,000
- 2) the structure is owned by a person who is licensed to do business in the state or by persons who are licensed to do business in the state, and that none of the grant applicants have outstanding liabilities to the state
- 3) the structure meets other criteria adopted by the corporation

Subsection (c) requires the corporation to adopt guidelines and procedures setting out the criteria for administration of the Alaska energy efficient small business grant fund

27-LS0213\A  
Last Modified 2/9/11  
Jennifer Senette

## Home Energy Rebate Frequently Asked Questions (FAQ)

1. What is the rebate program?
2. What's the difference between the Home Energy Rebate program and the Weatherization program?
3. Can I participate in both the Home Energy Rebate program and the Weatherization program?
4. Do I have to be a homeowner to apply for a rebate?
5. Will the Home Energy Rebate program be available for rentals or businesses?
6. Are mobile homes eligible for a rebate?
7. Are condos eligible for the Home Energy Rebate program?
8. How much time do I have to apply for the rebate program?
9. How do I get a Home Energy Rebate?
10. Where can I get a homeowner Home Energy Rebate application?
11. Who pays for the energy ratings for the Home Energy Rebate program?
12. Who pays the up front cost for the energy-efficiency improvements in the Home Energy Rebate program?
13. What if I don't have the money up front to pay for the energy improvements in the Home Energy Rebate?
14. Where do I get more information on how to make energy efficiency improvements?
15. Should I get an energy rating on my home now so I can participate in the Home Energy Rebate program?
16. If I start working now on my house to make it more energy efficient, will I get a Home Energy Rebate?
17. How long will it take to get my Home Energy Rebate after I submit an application to AHFC?
18. I heard there will be a rebate for buying a new 5 Star Plus home. How do I apply?
19. Are energy-efficient appliances and lighting eligible for the rebate program?
20. I want to become an energy rater for the Home Energy Rebate program. Who do I contact?
21. What is the difference between an "As-Is" rating and a "Post" rating?

### Q1. What is the rebate program?

The rebate program assists homeowners in making the best energy-efficiency improvements for their home. The program requires a certified home energy rater to evaluate homes before and after the improvements. The more a home's energy efficiency improves, the greater the possible rebate.

### Q2. What's the difference between the Home Energy Rebate program and the Weatherization program?

The Home Energy Rebate program has no income requirements and focuses on owner-occupied homes. Homeowners pay for certain energy-efficiency improvements and are rebated a portion of the cost for doing so. The Weatherization program has income requirements, and the weatherization work is provided for free by specific weatherization agencies and housing authorities.

### Q3. Can I participate in both the Home Energy Rebate program and the Weatherization program?

No. You may participate in one or the other program, but not both.

### Q4. Do I have to be a homeowner to apply for a rebate?

Yes. The rebate program is only for owner-occupied housing.

### Q5. Will the Home Energy Rebate program be available for rentals or businesses?

The Home Energy Rebate program is focused on owner-occupied homes. AHFC intends to make the rebate program available to as wide a range of housing as practical. Condos may qualify.

Currently the rebate program does not include rentals or businesses (such as a Bed and Breakfast).

**Q6. Are mobile homes eligible for a rebate?**

Yes.

**Q7. Are condos eligible for the Home Energy Rebate program?**

Yes. [Click here for the Condo Factsheet](#) for details. *New!*

**Q8. How much time do I have to apply for the rebate program?**

The time limit to apply for the rebate has been extended to 18 months from the date of the initial As-Is energy rating.

**Q9. How do I get a Home Energy Rebate?**

You can [sign up](#) for a rater for the energy rebate program via this site or by calling the rebate call center at 1-877-AKRebate (1-877-257-3228). You will be assigned to a certified energy rater who will follow up with you directly and perform your initial As-Is energy rating. The rater will provide you with a list of possible energy improvements, choose from that list the improvements you want to make, do the improvements yourself or hire a contractor, have the rater return to verify the work and provide a new rating showing how much the home's energy efficiency has improved, and apply for the rebate. For more details about the program, rebate amounts, and requirements, [click here for the home energy rebate program guidelines](#).

**Q10. Where can I get a homeowner Home Energy Rebate application?**

An application is not needed until after you have the required initial energy rating performed and received copies of the recommended energy improvements, which will be provided by the rater. [Click here for application form](#).

**Q11. Who pays for the energy ratings for the Home Energy Rebate program?**

The homeowner will be reimbursed directly by AHFC a total of \$500 for the combined ratings: Up to \$325 is allowed for the initial As-Is rating and up to \$175 for the Post Improvement rating. Any rating costs over these amounts are the responsibility of the homeowner. The actual cost of ratings may vary by rater and individual house characteristics. We recommend that you ask for price quote before your rater begins work on your As-Is or Post-improvement rating. If you would like a different rater, contact the AKRebate call center and you will be put back at the top of the list.

**Q12. Who pays the up front cost for the energy-efficiency improvements in the Home Energy Rebate program?**

The homeowner. However, AHFC is offering loans to qualified borrowers up to \$30,000 through the Second Mortgage for Energy Conservation. [Click here for details](#).

**Q13. What if I don't have the money up front to pay for the energy improvements in the Home Energy Rebate?**

AHFC is offering loans to qualified borrowers up to \$30,000 through the Second Mortgage for Energy Conservation. [Click here for details](#).

**Q14. Where do I get more information on how to make energy efficiency improvements?**

Visit the [AHFC Research Information Center web page](#). Please note: only items listed in the AkWarm® Improvement Options Report following your home energy rating will be eligible for the Home Energy Rebate. Talking with your energy rater about the best improvements and what you should do is critical.

**Q15. Should I get an energy rating on my home now so I can participate in the Home Energy Rebate program?**

An "As-Is" energy rating performed between April 5, 2008, and May 15, 2008, will be accepted as the initial rating for the Home Energy Rebate Program. However, the costs of these ratings are paid by the homeowner and will not be reimbursed by AHFC. The cost of ratings done after May 15, 2008, will be reimbursed by AHFC directly to the homeowner, up to \$325 for the As-Is rating and \$175 for the Post-improvement rating. You will have 18 months from the date of the As-Is rating to make improvements, have the Post-improvement rating completed, and submit your application to AHFC for a rebate.

**Q16. If I start working now on my house to make it more energy efficient, will I get a Home Energy Rebate?**

The Home Energy Rebate program requires an AkWarm® energy rating prior to any work. Only items listed in the AkWarm® Improvement Options Report will be eligible for the program.

**Q17. How long will it take to get my Home Energy Rebate after I submit an application to AHFC?**

It's estimated that there will be a 60-day turnaround time.

**Q18. I heard there will be a rebate for buying a new 5 Star Plus home. How do I apply?**

There will be a \$7,500 rebate available for home buyers purchasing certain 5 Star Plus homes. [Click here for the application and guidelines.](#)

**Q19. Are energy-efficient appliances and lighting eligible for the rebate program?**

Energy Star appliances and lighting are a great idea when upgrading your home and can help reduce your energy bills. However, appliances and lighting are not eligible for a rebate at the present time.

**Q20. I want to become an energy rater for the Home Energy Rebate program. Who do I contact?**

AHFC trains raters through contracts with other training entities. There have been more than 1,000 requests, and more than 400 applications from people wishing to become energy raters. We anticipate the need at about 50 to 60, most of whom will be trained by the end of July. We have two additional rater training classes scheduled for September and October, although those are wait listed. Unless the legislature allocates additional money, we anticipate that the ratings for the rebate program will be completed in Anchorage, Mat-Su, and Fairbanks by November.

**Q21. What is the difference between an "As-Is" and a "Post" rating?**

The As-Is rating is the initial rating of your home. The Post-improvement rating is the second rating of your home after you have made some or all of the recommended improvements. You can [sign up for both ratings here](#) or call 1-877-akrebate (1-877-257-3228).

# NFIB

The Voice of Small Business®

ALASKA

February 10, 2011

The Honorable Kurt Olson  
State Capitol Building  
Juneau, Alaska 99801-1182

RE: Houser Bill 36

Dear Representative Olson:

On behalf of the National Federation of Independent Business/Alaska, I wish to respectfully share our support for House Bill 36. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.


The cost of energy is a critical issue to the many small businesses in Alaska as it has a direct impact on the profitability of the business. Thus, building energy efficient business structures is in the interest of small business owners.

The Small Business Energy Rebate Fund and Program, proposed in House Bill 36, would allow small business owners wishing to make energy efficiency improvements on their buildings, valued at less than \$1,000,000, to receive a rebate for some of those expenditures. Aggregate grants are limited by the amount of appropriations.

This approach will assist many Alaskan small business owners improve their operational efficiency by reducing the use of energy and lower the cost of operations.

We appreciate your concern with the viability of many of Alaska's small businesses.

Sincerely yours,



Dennis L. DeWitt  
Alaska State Director

Cc: NFIB/AK Leadership Council  
House Energy Committee



## Home Energy Rebate Program Guidelines

The Home Energy Rebate Program for existing homes will rebate *up to* \$10,000 to a homeowner, who improves the energy efficiency of his or her home. A qualified homeowner must improve the energy efficiency of the home at least **1 step** using the energy rating system described below in **Energy Rating and Rating Points**. (See also **Additional Requirements**.)

A final rating of a 1 Star Plus (1★+) or greater must be achieved to qualify for a rebate. This is a one-time rebate, for any one family, borrower, or home.

Rebate funds are subject to appropriation by the Alaska Legislature, and are subject to funding availability. If or when funding becomes limited, the Alaska Housing Finance Corporation may terminate the program. Public notice shall be provided on the AHFC website [www.ahfc.us](http://www.ahfc.us).

To participate in this program:

- Request an AkWarm energy rating by signing-up on the waiting list at [www.akrebate.com](http://www.akrebate.com) or calling 1-877-AKREBATE (1-877-257-3228).
- The As-Is energy rating generates an *Energy-Efficiency Improvement Options Report* that serves as a guideline for AHFC and the homeowner regarding the energy savings, cost of the improvement and return on the energy improvement investment.
- Submit to AHFC copies of the Home Energy Rating certificate (As-Is), Energy Efficiency Improvement Options report (As-Is), proof of ownership (tax parcel notice, transfer deed or deed of trust, that matches property address on the rating and confirms the homeowners name), energy rater's receipt or check copy, and the As-Is Energy Rating Reimbursement Form, (HER-1 Invoice) signed by the rater and the homeowner. Within 60 days of receipt, AHFC will reimburse the homeowner for the As-Is rating. Submitting this paperwork indicates to AHFC that a homeowner is participating in the rebate program and funds for a possible rebate are encumbered for 18 months from the date of the As-Is rating.
- Make improvements selected from the *Energy-Efficiency Improvement Options Report* (within 18 months, see **Additional Requirements** below). Rating points are listed for each improvement option. Choose the improvements that will gain enough points to increase the energy rating. Homeowners may complete the improvements (rebate is applicable to materials only) or hire a contractor (rebate applicable to materials and labor). Only those items relating to energy efficiency and recommended in the *Energy-Efficiency Improvement Options Report* are eligible for the rebate.
- After the work is completed, request an AkWarm Post-Improvement energy rating by signing-up on the waiting list at [www.akrebate.com](http://www.akrebate.com) or calling 1-877-AKREBATE (1-877-257-3228). The rater will verify the improvements and provide the homeowner with a new energy rating certificate. The rebate amount is determined by the increase in the

Post-Improvement rating. (For example, if the As-Is rating was 3 Star+ and the Post-Improvement rating is 4 Star that is a One Step increase, eligible for a rebate of up to \$4,000.00).

**Maximum Rebate Amounts:**

One Step	Up to \$4,000
Two Steps	Up to \$5,500
Three Steps	Up to \$7,000
Four Steps	Up to \$8,500
Five Steps	Up to \$10,000

- A homeowner is only eligible to receive a rebate of **actual expenses**. For example: A homeowner spends \$3,500 on energy efficient improvements and the home's energy rating increases Two Steps. The homeowner will only receive a rebate of the **actual expenses** or \$3,500, not \$5,500 as a Two Step improvement would indicate above. Submit to AHFC copies of the Post-Improvement Home Energy Rating certificate, the energy rater's receipt or check copy for Post-Improvement energy rating, proof of payment for the eligible improvements completed, and the Post-Improvement Rating Reimbursement & Rebate Form (HER-2 Invoice) within 18 months from the date of the As-Is energy rating. Within 60 days of receipt, AHFC will reimburse the homeowner for the Post-Improvement rating and provide the rebate.

You are not eligible for the Home Energy Rebate for existing homes if:

- You participated in the Weatherization Assistance Program after May 1, 2008.
- You received a Home Energy Rebate after May 1, 2008.
- Your As-Is rating was done before April 5, 2008\*.
- Your As-Is rating is more than 18 months old.
- You fail to provide the requested information with your application for a rebate.
- You participated in the 5 Star Plus New Construction Energy Rebate program.

AHFC will reimburse the homeowner for the cost of ratings done after May 15, 2008, up to \$500 for the combined cost of the pre-improvement (As-Is) and the Post-Improvement rating. A homeowner is reimbursed up to \$325 for the As-Is rating, and up to \$175 of the Post Improvement rating.

The homeowner is responsible for submitting all requested paper work for reimbursements & rebates.

*\*An energy rating done between April 5 and May 15, 2008, can qualify a homeowner for rebate purposes; however, AHFC does not reimburse homeowners for the cost of ratings performed during this period.*

## Energy Rating and Rating Points

The amount of the rebate is determined by the increase in the number of steps between the As-Is and Post-Improvement energy ratings.

This chart can help you understand the correlation between your energy rating points and the energy rating stars for your home's energy rating. There are 10 steps between rating levels:

Points	Rating	Points	Rating
0-39	1 Star	73-77	3 Star +
40-49	1 Star +	78-82	4 Star
50-59	2 Star	83-87	4 Star+
60-67	2 Star +	88-91	5 Star
68-72	3 Star	92-100	5 Star+

For example:

A 2 Star Plus (60-67 points) rating, increased to 3 Star (68-72 points) after making energy improvements, would equal one step. A 2 Star (2★) rating, increased to 3 Star (3★) after making energy improvements, would equal two steps.

### Additional Requirements:

To be eligible for a rebate, the final energy rating must be at least 1 Star Plus (1★+), and have increased one step and at least five points. This is applicable to all homes with a final rating of 3 Stars (< 3★) or less. For homes with a final rating of 3 Star plus (> 3★+) or more, at least one step and three points increase is required.

The home energy rebate reimbursement & rebate applications must be submitted to the Alaska Housing Finance Corporation at:

Alaska Housing Finance Corporation  
ATTN: R2D2  
PO Box 101020  
Anchorage, AK 99510-1020

The homeowner must be the year-round occupant of the upgraded home and submit the rebate application and required documents within eighteen months of the date on the As-Is rating. Each family and property is eligible for one rebate only. The person to whom the rebate is paid will be required to submit a Social Security number, and the amount of the rebate will be reported to the United States Internal Revenue Service. An IRS Form 1099 will be mailed to the homeowner at the end of the year in which the homeowner received the rebate.

Rebate funds are subject to appropriation by the Alaska Legislature, and are subject to funding availability. If or when funding becomes limited, the Alaska Housing Finance Corporation may terminate the program. Public notice shall be provided on the AHFC website [www.ahfc.us](http://www.ahfc.us) .

### **5 Star Plus New Construction Energy Rebate Program**

Requirements for the 5 Star Plus New Construction Energy Rebate program may be found in the “5 Star Plus New Construction Energy Rebate Encumbrance Request (HER-50 Form)” and the “5 Star Plus New Construction Energy Rebate Form (HER-51 Invoice)” available at [www.ahfc.us/energy](http://www.ahfc.us/energy) .

For more information contact:

Alaska Housing Finance Corporation  
PO Box 101020  
Anchorage, AK 99510-1020  
907-338-6100 (Anchorage)  
1-800-478-2432 (toll free statewide)  
[www.ahfc.us](http://www.ahfc.us)

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number \_\_\_\_\_  
 Bill Version HB36  
 ( ) Publish Date \_\_\_\_\_

Identifier (file name): HB36-DOR-AHFC-03-15-11 Dept. Affected Revenue  
 Title Energy Efficient Small Business Grant Fund / Program Appropriation Alaska Housing Finance Corp  
 Allocation AHFC Operations  
 Sponsor Representative Olson  
 Requester House Special Committee on Energy OMB Component Number 110

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

initial version

Prepared by Cary Bowling, Officer Governmental Affairs  
 Division Alaska Housing Finance Corporation  
 Approved by Dan Fauske, CEO  
Alaska Housing Finance Corporation

Phone 907-330-8449  
 Date/Time 3/14/11; 8:09am  
 Date 3/14/11; 10:07am

**FISCAL NOTE**

**STATE OF ALASKA  
2011 LEGISLATIVE SESSION**

**BILL NO.** HB 36

**Analysis**

HB 36 would establish the energy efficient small business grant fund and program in the Alaska Housing Finance Corporation.

There is currently no appropriation for the energy efficient small business grant program. If no appropriation is made for the program, additional staff and management costs will not be needed.

Should there be an appropriation by the legislature for HB 36 that would exceed \$100 million, the Corporation would require the addition of 4 new staff positions to administer the program as well as funds for travel, marketing and outreach. The estimate for program administration would be approximately \$500,000 annually. This would be funded through CIP Receipts from the legislative appropriation for HB 36.