

**HB**

**81**

<TARGET><BILL>HB 81</BILL><SUBJECT>HB  
81</SUBJECT><COMM>HENE30</COMM></TARGET>

# ALASKA LEGISLATURE

## *Representative Jonathan Kreiss-Tomkins*

Angoon · Coffman Cove · Craig · Edna Bay · Elfin Cove · Game Creek · Hollis · Hoonah · Kake · Kasaan · Klawock · Kupreanof · Naukati  
Pelican · Petersburg · Point Baker · Port Alexander · Port Protection · Sitka · Tenakee Springs · Thorne Bay · Whale Pass

rep.jonathan.kreiss-tomkins@akleg.gov

Committees:  
State Affairs, Chair  
Fisheries  
Judiciary



Juneau, Alaska 99801 (Jan. – April)  
State Capitol, Room 411  
907.465.3732

Sitka, Alaska 99835 (May – Dec.)  
201 Katlian Street, Ste. 103  
907.747.4665

### Sponsor Statement | HB 81 – More Energy Efficient Buildings Act

This bill gives nonprofit organizations and federally-recognized tribes the power to apply for loans from the Alaska Energy Efficiency Revolving Loan Fund. Because AEERLF is such a god awful acronym, we call this bill the More Energy Efficient Buildings Act ("MEEBA").

The AEERLF was created by the Alaska Sustainable Energy Act in 2010. It authorized the Alaska Housing Finance Corporation to make \$250 million in low interest loans for energy efficiency improvements to public entities, namely municipalities and school districts. One loan has been closed since the program's creation in 2010.

Especially given our new and more austere fiscal climate in which legislative grants are going to be rare to nonexistent, many nonprofits are interested in becoming more self-sufficient and accessing loans from the revolving loan fund to invest in energy efficiency. Right now, nonprofits such as soup kitchens, arts organizations, American Legion posts, and churches are not eligible to apply to the revolving loan fund. The More Energy Efficient Buildings Act authorizes Alaska Housing to accept applications from non-profits and federally recognized tribes for energy efficiency improvements to their buildings.

The More Energy Efficient Buildings Act improves energy efficiency in Alaska. It helps Alaska nonprofits, churches, and veteran's organizations become more self-sufficient. And it helps create a public benefit for a State program that's presently under-used.

# ALASKA LEGISLATURE

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### Sectional Analysis | HB 81 – More Energy Efficient Buildings Act

**Section 1:** Amends AS 18.56.855 to expand the pool of borrowers eligible to receive loans from the Alaska Energy Efficiency Revolving Loan Fund [A1] to include nonprofit organizations and federally recognized tribes. Newly eligible nonprofits are 501(c)(3) tax exempt charitable organizations, 501(c)(4) civic organizations such as the Rotary Club, 501(c)(6) business promoting organizations such as Chambers of Commerce, 501(c)(12) electric cooperatives [A2] such as AVEC, and 501(c)(19) veterans service organizations such as the Veterans of Foreign Wars. Allows loans to be used to finance efficiency improvements for buildings owned by any of the newly eligible entities.

**Section 2:** Adds federally recognized tribes to the list of entities that must waive their sovereign immunity in order to receive a loan.

**Section 3:** Makes changes to subsection (d) to add the entities added in section 1 to the list of those authorized to borrow from the fund and with which AHFC may set out loan terms.

**Section 4:** Includes newly eligible nonprofits and tribes in provisions of AS 18.56.855 related to loan defaults.

**Section 5:** Defines federally recognized tribes.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

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State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

January 23, 2017

**SUBJECT:** Public Purpose (Work Order No. 30-LS0353\A)

**TO:** Representative Jonathan Kreiss-Tomkins  
Attn: Berett Wilber

**FROM:** Emily Nauman   
Legislative Counsel

Attached please find a bill allowing an entity designated for federal tax purposes as a 501(c)(3) non-profit corporation or a federally recognized tribe to obtain a loan from the Alaska energy efficiency revolving loan fund. At the outset, I should note that this memo is largely a duplication of the memo sent to your office with the original version of this bill drafted last year.

The extension of the loan program to 501(c)(3) non-profit corporations or federally recognized tribes, either through the state or a municipality, may be subject to challenge under the public purpose clause of the Constitution of the State of Alaska and the establishment clauses of the Constitution of the United States and the Constitution of the State of Alaska. However, a challenge under these provisions is not likely to be successful, as discussed below.

### Public Purpose

The Alaska constitution requires that public funds be used only for a public purpose.<sup>1</sup> In general, where the legislature has found that a public purpose will be served by the expenditure of public funds,<sup>2</sup> the court will not set aside that finding unless it is clearly arbitrary and without any reasonable basis in fact. When the bill is heard in committee you may wish to consider addressing the public purpose and policy reasons for extending the loan program to 501(c)(3) non-profit corporations and federally recognized tribes.

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<sup>1</sup> The public purpose clause is set out in art. IX, sec. 6, Constitution of the State of Alaska:

Public Purpose. No tax shall be levied, or appropriation of public money made, or public property transferred, nor shall the public credit be used, except for a public purpose.

<sup>2</sup> It could be argued that a loan does not constitute an expenditure of public funds.

Representative Jonathan Kreiss-Tomkins

January 23, 2017

Page 2

Preparing an adequate record in this matter will help defend the program against a potential public purpose challenge.

#### Religious Purpose

An issue may arise if a religious group that is also a 501(c)(3) non-profit corporation applies for an Alaska energy efficiency loan. Article I, sec. 4 of the Constitution of the State of Alaska provides, "no law shall be made respecting an establishment of religion, or prohibiting the free exercise thereof." The establishment clause in the state constitution is almost identical in wording to the federal establishment clause.

The United States Supreme Court has established a three-part test (the *Lemon* test) to determine whether a benefit received by a religious group is constitutionally permitted. First, the statute must have a secular legislative purpose; second, its principle or primary effect must be one that neither advances nor inhibits religion; and, finally, the statute must not foster an excessive government entanglement with religion.<sup>3</sup>

The Alaska Supreme Court has construed the state establishment clause the same way the federal courts have construed the federal establishment clause.<sup>4</sup> The Alaska Supreme Court has applied the *Lemon* test, saying:

A legislative enactment will not be invalidated under the "effect" prong merely because it may incidentally benefit religion or religious institutions. Rather, the constitutional inquiry focuses on whether the law's "principal or primary effect advances religion."<sup>5</sup>

In another Alaska case (that predates the *Lemon* case), the City of Ketchikan provided for the construction of a hospital with a combination of federal, state and local funds. The city executed an agreement to lease the hospital to the Sisters of St. Joseph of Newark, a charitable, non-profit corporation, for a nominal rental amount.<sup>6</sup> The lease required that the Sisters could not deny admission or care of patients on account of race, color or creed. The Alaska Supreme Court held that the city action did not violate the establishment clause because (1) the hospital served a public purpose, (2) the Sisters are a non-profit

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<sup>3</sup> *Lemon v. Kurtzman*, 403 U.S. 602, 612 - 613 (1971); See also, *Felman v. Simmons-Harris*, 536 U.S. 639 (2002) and *Lynch v. Donnelly*, 45 U.S. 668, 681 at n.6 (1984) (establishment clause does not require an "exclusively secular" objective).

<sup>4</sup> See, *Bonjour v. Bonjour*, 592 P.2d 1233, 1236, n. 3 (Alaska 1979) (statute allowing consideration of religious factors in child custody suits facially valid but unconstitutional as applied).

<sup>5</sup> *Bonjour v. Bonjour*, at 1243 (note 21), citing *Tilton v. Richardson*, 403 U.S. 672 (1971).

<sup>6</sup> *Lien v. Ketchikan*, 383 P.2d 721, 722 (Alaska 1963).

Representative Jonathan Kreiss-Tomkins  
January 23, 2017  
Page 3

corporation, organized for charitable purposes, and (3) the city's action did not have the effect of promoting or giving a preferred position to the religious beliefs of the individual members of the corporation.<sup>7</sup>

An energy efficiency program seems likely to pass the *Lemon* test as it appears to have a secular purpose, saving energy. Although one might argue that some benefit flows to a religious group because of receiving a loan, the primary effect is to save energy, not to advance or inhibit a religion. While some administrative costs will be incurred, the administration of an energy efficiency program does not appear to excessively entangle government with religion. Rather than being considered a program that promotes religion, the energy efficiency program would probably be interpreted as incidental to religion or promoting religious beliefs.

There is a small possibility that a loan granted a place of worship may be considered unconstitutional. One could argue that because a religious organization receives money from the energy efficiency program it would have additional money available for promoting its religious beliefs. Again, many of these arguments may be negated because the benefit is a loan, subject to repayment.

In my opinion, it seems more likely that a court addressing a legislative program that allows an energy efficiency loan to be used by a religious organization for creating energy efficiencies in houses of worship would not violate the establishment clause of either the Alaska or U.S. constitutions.

If I may be of further assistance, please advise.

ELN:dls  
17-044.dls

Attachment

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<sup>7</sup> *Id.* at 724.

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## Energy Efficiency in Public Buildings: Rural Retrofits

Nathan Wiltse and Dustin Madden

November 21st, 2014

One of the strongest cases for energy efficiency is that it produces jobs<sup>1</sup>. Money spent on energy efficiency retrofits involves a significant amount of labor, including construction, maintenance, and engineering. With a properly trained workforce much of this labor can be provided locally keeping more money in the local economy than if it was spent on fuels, which typically require little labor. Additionally, reduced spending on energy can allow organizations to spend more money on program staffing. Residential energy efficiency programs in Alaska are estimated to have already created 2,700 short-term jobs and 300 permanent jobs, with potential to create an additional 30,000 short-term jobs and 2,600 permanent jobs.<sup>2</sup>

Energy efficiency has the potential to be particularly beneficial to rural Alaskan economies. The economy in rural western and northern Alaska is unique in that it is based not only on cash, but also networks of subsistence, sharing, and trading. Approximately 71% of the cash portion of this economy and 36% of the jobs comes from government sources, according to research done by the Institute of Social and Economic Research.<sup>3</sup> These jobs include positions in schools, tribal offices, health clinics and more. The cost for the energy required to maintain a comfortable environment in these rural public buildings is often high—for example, the average annual energy cost of the 10 schools that received an energy audit in the Bering Strait region was over \$200,000. As heating fuel prices have already risen by more than 50% in western and northwestern Alaska since 2005<sup>4</sup> and are projected to increase by 41% by 2040<sup>5</sup>, reducing energy consumption is a crucial part of maintaining economically viable rural communities.

In 2013 the Cold Climate Housing Research Center analyzed the types of retrofits recommended in Alaska Native Tribal Health Consortium (ANTHC) energy audits in an effort to understand the possible effects of energy efficiency retrofits in rural Alaska. These energy audits were completed in 2012 on 68 tribal buildings located primarily in Western Alaskan villages, which fell into one of the following 3 categories: Water Systems, Tribal Buildings, and Health Clinics. The data from these audits was stored in the Alaska Retrofit Information System (ARIS) which is owned and operated by the Alaska Housing Finance Corporation (AHFC). Preliminary analysis indicates that the average potential energy cost savings of 31% found for these buildings are comparable to those found through AHFC's public building audits. A further review showed the audit data to be of a similar level of quality.

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<sup>1</sup> For a detailed discussion of the jobs benefits from energy efficiency, see Bell, Casey. "Energy Efficiency Job Creation: Real World Experiences. October 2012. American Council for an Energy Efficient Economy. Available at: <http://www.aceee.org/files/pdf/white-paper/energy-efficiency-job-creation.pdf>

<sup>2</sup> Colt, Steve, Fay, Ginny, Berman, Matt, Pathan, Sohrab. *Energy Policy Recommendations*. (January 25, 2013). Institute of Social and Economic Research.

<sup>3</sup> Goldsmith, Scott. January 2008. "Understanding Alaska's Remote Rural Economy." Institute of Social and Economic Research.

<sup>4</sup> "Current Community Conditions Alaska Fuel Price Report." July 2012. Department of Commerce, Community, and Economic Development.

<sup>5</sup> U.S. Energy Information Administration, "Annual Energy Outlook 2014", website: [http://www.eia.gov/forecasts/aeo/er/pdf/0383er\(2014\).pdf](http://www.eia.gov/forecasts/aeo/er/pdf/0383er(2014).pdf)

After conducting the audits, ANTHC staff classified each of the 517 recommended retrofits by the type of retrofit and whether it can be performed solely by local village personnel, by a combination of village personnel and technicians from outside the village, or whether the retrofit would largely be conducted by engineers and professionals who reside outside of the village. Figure 1 defines these different retrofit types, and gives common examples that were found during the audits.

**Figure 1: ANTHC Retrofit Types**

Retrofit Types	Description	Example
<b>Operations</b>	Simple projects that require little time or money to accomplish. Local village fully capable of doing.	Shut off heat tape, setback thermostat, shut off pumps, reduce temperature in loop
<b>Maintenance</b>	Projects that may require a specialized person from the village, but the village has most necessary supplies. May need some funding.	Clean boilers, reduce air transfer, clean and adjust floats in lift station
<b>Local Retrofit</b>	Projects that may require significant funding, but local village has all necessary skills and capabilities. Village may or may not have supplies for the job.	New thermostats, new lights, Replace aquastats, insulation additions
<b>Minor Project</b>	Larger scale projects that require outside assistance. Project may require technicians to assist and/or very significant funding.	Controls retrofitting, new boiler installation, resizing and replacing pumps
<b>Major Project</b>	Largest scale projects that will require significant outside assistance. Projects may potentially need an engineer, superintendent, or other professionals. Technical experts and very significant funding required.	Waste heat projects, Outfall replacement

Figure 2 shows that a significant portion of savings can potentially be done by local labor. Of the approximately \$525,000 of annual energy savings found in the audits, roughly half can be achieved by trained local people. This is significant, as the audits were done in the rural areas with some of the highest average unemployment rates in the state (Figure 3) and currently approximately 41% of workers in rural Alaska are non-local<sup>6</sup>. Figure 2 also shows that on average, the costs for these local projects are lower so they can be done with only minimal capital investments.

<sup>6</sup> Goldsmith, Scott. January 2008. "Understanding Alaska's Remote Rural Economy." Institute of Social and Economic Research.

Figure 2: ANTHC Retrofits Savings & Costs by Project Type

ANTHC RETROFITS BY PROJECT TYPE		Annual Energy Savings (in \$ thousands)			One-time Retrofit Costs (in \$ thousands)			
	#	Total	AVG	MED	Total	AVG	MED	
<b>Totals</b>		517	\$525	\$1.02	\$0.27	\$2,451	\$4.74	\$0.50
<b>Project Type</b>	<b>Local</b>	438	\$203	\$0.46	\$0.21	\$539	\$1.23	\$0.50
	<b>Outside Help /Local</b>	36	\$95.9	\$2.66	\$1.30	\$482	\$13.4	\$3.01
	<b>Outside Help</b>	43	\$227	\$5.28	\$1.99	\$1,430	\$33.3	\$5.00

Figure 3: ANTHC Retrofits vs. Unemployment Rates

ANTHC RETROFITS BY CENSUS AREA	# Retrofits	Percent of retrofits with local labor	Regional Unemployment Rate <sup>7</sup>
State of Alaska	n/a	n/a	6.5%
Municipality of Anchorage	n/a	n/a	5.2%
Bethel Census Area	396	86%	14.8%
Nome Census Area	39	74%	10.1%
Wade Hampton Census Area	51	84%	20.8%
Yukon-Koyukuk Census Area	31	87%	15.1%

In addition to having the lowest capital costs, the retrofits identified as local projects also tend to have the quickest payback periods, as can be seen in Figure 4. Both the average payback period and the median payback for local projects are significantly shorter than for those projects that were identified as requiring some outside help or those that would be almost totally dependent upon outside engineers and specialists.

<sup>7</sup> December 2013 Preliminary Unemployment Rate. State of Alaska Department of Labor and Workforce Development. Retrieved February 24th, 2014 from [Live.laborstats.alaska.gov/labforce/index.cfm](http://live.laborstats.alaska.gov/labforce/index.cfm)

Figure 4: ANTHC Retrofits Simple Paybacks by Project Type

ANTHC RETROFITS BY PROJECT TYPE		# Retrofits	Paybacks (yrs)	
			AVG	MED
<b>Totals</b>		517	5.0	2.3
<b>Project Type</b>	<b>Local</b>	438	4.8	1.8
	<b>Outside Help/Local</b>	36	5.2	4.4
	<b>Outside Help</b>	43	6.8	4.0

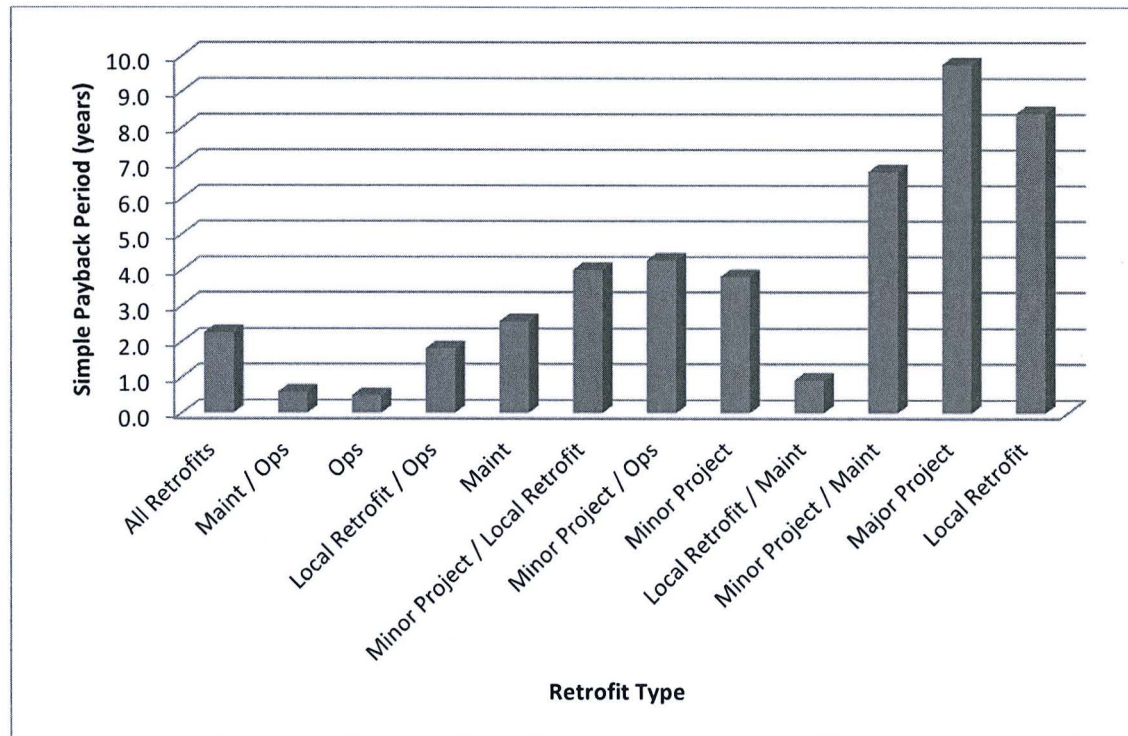
Analyzing the data by retrofit type shows that there are significant opportunities for energy savings through changing operational practices and by doing regular maintenance on buildings and mechanical systems. Figure 5 shows the annual savings and one-time costs for the different retrofit types. Because the average capital costs on operations and maintenance retrofits are typically much lower than other retrofits, paybacks are often very quick, as can be seen in Figure 6. While major and minor projects account for approximately 43% of the total potential annual energy savings, because of their significant costs, they tend to have longer payback periods. These findings are in line with the recommendations made by energy auditors in the *White Paper on Energy Use in Public Facilities*.<sup>8</sup>

Figure 5: ANTHC Retrofits Savings & Costs by Retrofit Type

ANTHC RETROFITS BY RETROFIT TYPE		Annual Energy Savings (in \$ thousands)			One-time Retrofit Costs (in \$ thousands)			
		#	Total	AVG	MED	Total	AVG	MED
<b>All Retrofits</b>		517	\$525	\$1.02	\$0.27	\$2,451	\$4.74	\$0.50
Maint / Ops		2	\$4.70	\$2.40	\$2.40	\$0.90	\$0.45	\$0.45
Ops		118	\$22.0	\$0.19	\$0.05	\$14.5	\$0.12	\$0.03
Local Retrofit / Ops		166	\$106	\$0.64	\$0.36	\$146	\$0.88	\$0.50
Maint		65	\$25.90	\$0.40	\$0.21	\$69.3	\$1.07	\$0.50
Minor Project / Local Retrofit		21	\$40.70	\$1.03	\$1.47	\$158	\$7.53	\$3.01
Minor Project / Ops		7	\$10.10	\$1.45	\$0.87	\$26	\$3.71	\$2.00
Minor Project		33	\$89.20	\$2.70	\$1.30	\$333	\$10.1	\$3.20
Local Retrofit / Maint		3	\$5.67	\$1.90	\$2.18	\$6.81	\$2.27	\$2.00
Minor Project / Maint		8	\$45.10	\$5.64	\$2.24	\$298	\$37.2	\$8.00
Major Project		10	\$137	\$13.78	\$7.44	\$1,098	\$110	\$82.5
Local Retrofit		84	\$37.90	\$0.45	\$0.27	\$301	\$3.58	\$1.98

<sup>8</sup> Armstrong, Richard, Luhrs, Rebekah, Diemer, James, Rehfeldt, Jim, Herring, Jerry, Beardsley, Peter, et. al. (2012). *A White Paper on Energy Use in Alaska's Public Facilities*. Alaska Housing Finance Corporation. Available online at: [http://www.ahfc.us/iceimages/loans/public\\_facilities\\_whitepaper\\_102212.pdf](http://www.ahfc.us/iceimages/loans/public_facilities_whitepaper_102212.pdf)

Figure 6: ANTHC Retrofits Median Simple Payback by Retrofit Type



Information from ANTHC staff, interviewed public school energy conservation and facilities managers, and Alaskan energy auditors all pointed to inadequate training for operations and maintenance staff as one of the reasons that these energy saving operations and maintenance measures have not been performed.<sup>7,9,10</sup> Considering the large potential for monetary savings on energy expenditures in public buildings in Alaska that can be accomplished with routine operations and maintenance procedures, this lack of training represents a large untapped resource.

**Recommendations:**

Energy prices in rural Alaska are high and likely to increase over time, and so inefficient buildings require increasingly larger amounts of public funding to be diverted from meeting program goals to cover energy costs. Additionally, the cash economy is limited in these areas and is largely dependent upon government funding, which is at risk given projected declines in the state revenues.<sup>11</sup> Energy efficiency measures in public buildings can reduce energy costs and free up funding for public organizations to hire new employees or perform more services. As roughly half of the energy efficiency measures recommended in audits were identified as being able to be performed with local

<sup>9</sup> Dixon, Gavin, Reitz, Daniel, personal communication, March 2013.

<sup>10</sup> Wiltse, Nathan, Madden, Dustin. *Energy Efficiency in Public Buildings: Schools*. (2014). Cold Climate Housing Research Center.

<sup>11</sup> *Revenue Sources Book: Fall 2013*. Alaska Department of Revenue - Tax Division. Available at: <http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?1022r>

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labor, funding to increase efficiency in buildings also has the potential to boost employment in local economies. Based on our analysis, we believe that the following recommendations will help improve the long term economic viability of rural Alaska:

- **Conduct energy audits and retrofits on all public buildings in rural Alaska.** Identifying energy cost savings and undertaking local retrofits and maintenance/operations projects will help rural Alaska cope with dwindling government funding and predicted long-term energy price increases.
- **Incorporate energy efficiency training into all major retrofit projects in rural areas.** Training and hiring local workers keeps more of the economic benefits of the energy efficiency measures in remote communities.
- **Track energy use.** Operations and maintenance changes were some of the most cost-effective energy efficiency measures identified in rural Alaska. Installing building monitoring systems and benchmarking buildings using AHFC's ARIS software allows trained local staff to identify areas of excessive energy use and change operation and maintenance procedures to reduce it.



January 27, 2017

To Whom it May Concern:

I am writing in support of HB 81's expansion to include non-profits. The Sitka Fine Arts Camp would benefit from this greatly. Our organization owns 20 buildings of the former Sheldon Jackson School. Many of these buildings have the same energy standards that they were built with 100 years ago.

Operating the historic buildings is extremely costly however with basic energy improvements the buildings can be modernized to be used efficiently for another 100 years of service to our community and state.

Sincerely,  
Roger Schmidt



Denali Commission  
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Anchorage, AK 99501

907.271.1414 *tel*  
907.271.1415 *fax*  
888.480.4321 *toll free*  
[www.denali.gov](http://www.denali.gov)

February 9, 2015

To: Members of the Alaska Legislature

Re: House Bill 58 – Eligibility for Alaska Energy Efficiency Loans

This letter is provided to support the expansion of the Alaska Housing Finance Corporation (AHFC) energy efficiency loan program to Tribal groups and non-profits – specifically 501c(3), (4), (6), (12) and (19) organizations. The following is offered.

1. The Denali Commission is working on a number of fronts to address the high cost of energy (both heating and electricity) in rural Alaska. One effort we are exploring, and have made some modest investments with program partners, is a community-scale approach to bundling energy audit, energy efficiency improvements and post construction monitoring contracts. We believe that bundling of contracts will lower audit and construction costs for all building owners.
2. Equally important is that the high cost of travel to rural Alaska is a potential barrier for carrying out post construction monitoring of the energy efficiency improvements. Post construction monitoring is an invaluable component of energy efficiency improvements as this provides an opportunity to “reset” any energy efficiency improvements that are not performing as expected. If more rural Alaska building owners have carried out energy efficiency improvements, then the cost of the post construction monitoring is shared amongst the building owners and the cost may then become less cost prohibitive.
3. It is my opinion that a community by community approach to lowering the energy usage of all non-residential buildings will be a significant step in making our rural communities more resilient. House Bill 58 will make it easier for communities to carry out community-scale energy efficiency improvements.
4. When the Commission has more data from our initial investments on community-scale energy improvements for non-residential buildings, I will be happy to share the results with the State Legislature.

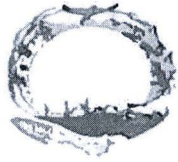
I can be reached at 907-271-1440 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel Neimeyer".

Joel Neimeyer  
Federal Co-Chair

cc: Scott Waterman, AHFC



Tanana  
Chiefs  
Conference

122 1<sup>st</sup> Avenue  
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907-452-8251  
[www.tananachiefs.org](http://www.tananachiefs.org)

Members of the Alaska State Legislature  
Alaska State Capitol  
Juneau, AK 99801

Re: Support for HB 58 – More Energy Efficient Buildings Act

To Whom It May Concern:

Tanana Chiefs Conference, a non-profit, Tribal consortium representing 42 federally recognized tribes in Alaska's interior would like to express its strong support for the HB 58, The "More Energy Efficient Buildings Act." Tanana Chiefs Conference Strongly believes that the changes as proposed within HB 58 will have significant benefit to our organization, our member tribes and our region as a whole.

For decades rural Alaskan communities have been burdened by some of the highest energy costs in the nation combined with some of the least efficient infrastructure. The highest electric rates in the interior are currently \$1.02/kWh in the community of Takotna and nearly \$10/gal for fuel oil in Arctic Village. These represent energy costs that are anywhere from 5-10 times higher than average heat and electric bills paid by residents in Anchorage. The city of Fairbanks, TCC's base of operations for more than 600 employees and a combined 200,000 sq ft of office and clinic space, has consistently been ranked in the top 5 cities in the nation for highest cost of utility bills. With improved access to funding from the Alaska Energy Efficiency Revolving Loan Fund, TCC, tribal councils and other non-profits will be able to save money on utility bills and put that money toward providing better services to their clients – Alaskan Residents.

Tanana Chiefs Conference has taken an active role in assisting our communities with energy efficiency projects and we look forward to continuing that effort through bills like HB 58 that make this process easier. We full support the goals of HB-58, to expand the list of eligible applicants able to take part in the Alaska Energy Efficiency Revolving Loan Fund. We believe this bill will benefit our tribes, our organization and non-profits across Alaska.

Sincerely,

Willard Mayo  
Executive Director of Tribal Government and Client Services  
Tanana Chiefs Conference  
122 1<sup>st</sup> Ave Suite 600  
Office: (907) 452-8251



## DIOCESE OF JUNEAU, ALASKA

February 9, 2015

Dear Members of the Alaska State Legislature:

I urge passage of House Bill 58.

I am Larry Bussone, Business Manager/Finance Officer for the Catholic Diocese of Juneau and also Interim Executive Director of Catholic Community Service (CCS). I can attest that both the Diocese (and its parishes) and CCS would benefit from passage of the legislation. Both have significant needs for efficiency improvements in their facilities. And both would benefit from a low interest loan from the Alaska Energy Efficiency Revolving Loan Fund. Finally, a large number of people throughout Southeast Alaska would benefit from the efficiency upgrades.

Thank you for consideration of my request.

Sincerely,

Larry J. Bussone  
Business Manager, Diocese of Juneau  
Interim Executive Director, Catholic Community Service

ADOPTED

30-LS0353VA.1  
Nauman  
1/30/17

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KREISS-TOMKINS

TO: HB 81

1 Page 1, line 2, following "(Internal Revenue Code)":

2 Insert ", a regional housing authority,"

3

4 Page 2, line 15, following "tribe,":

5 Insert "a regional housing authority,"

6

7 Page 2, line 20, following "tribe,":

8 Insert "a regional housing authority,"

9

10 Page 2, line 29, following "tribe,":

11 Insert "a regional housing authority,"

12

13 Page 3, line 1, following "tribe,":

14 Insert "regional housing authority,"

15

16 Page 3, line 11, following "tribe,":

17 Insert "a regional housing authority,"

18

19 Page 3, line 15, following "tribe,":

20 Insert "a regional housing authority,"

21

22 Page 4, line 1, following "tribe,":

23 Insert "a regional housing authority,"

1 Page 4, line 4, following "tribe,":

2 Insert "regional housing authority,"

3

4 Page 4, line 8, following "tribe,":

5 Insert "a regional housing authority,"

6

7 Page 4, line 10, following "tribe,":

8 Insert "regional housing authority,"

9

10 Page 5, line 1, following "tribe":

11 Insert "means"

12

13 Page 5, line 2:

14 Delete "means"

15

16 Page 5, line 5:

17 Delete "includes"

18

19 Page 5, following line 6:

20 Insert a new paragraph to read:

21 "(3) "regional housing authority" means a regional housing  
22 authority established under AS 18.55.996;"

23

24 Renumber the following paragraph accordingly.

31 Jan 17

Moved to add 30-LS0353A.1  
Nauman  
1/30/17  
31 Jan 17

added to 31 Jan 17  
H.H.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KREISS-TOMKINS

TO: HB 81

1 Page 1, line 2, following "**(Internal Revenue Code)**":

2 Insert "**a regional housing authority,**"

3

4 Page 2, line 15, following "**tribe,**":

5 Insert "**a regional housing authority,**"

6

7 Page 2, line 20, following "**tribe,**":

8 Insert "**a regional housing authority,**"

9

10 Page 2, line 29, following "**tribe,**":

11 Insert "**a regional housing authority,**"

12

13 Page 3, line 1, following "**tribe,**":

14 Insert "**regional housing authority,**"

15

16 Page 3, line 11, following "**tribe,**":

17 Insert "**a regional housing authority,**"

18

19 Page 3, line 15, following "**tribe,**":

20 Insert "**a regional housing authority,**"

21

22 Page 4, line 1, following "**tribe,**":

23 Insert "**a regional housing authority,**"

**AMENDMENT**

OFFERED IN THE HOUSE  
TO: HB 81

BY REPRESENTATIVE RAUSCHER

*Failed  
3-3*

1 Page 5, line 14, following "section,"

2 Insert "(1)"

3

4 Page 5, line 15, following "enterprise":

5 Insert ";

6 (2) the corporation may not make a loan under this section to a tax  
7 exempt entity, federally recognized tribe, or regional housing authority if, at the time  
8 of making the loan, the total amount of outstanding loans under this section to tax  
9 exempt entities, federally recognized tribes, and regional housing authorities exceeds  
10 10 percent of the total amount of bonds the corporation is authorized to issue to secure  
11 loans under this section."

AMENDMENT

OFFERED IN THE HOUSE  
TO: HB 81

BY REPRESENTATIVE KREISS-TOMKINS

*AKP*

1 Page 1, line 1:

2 Delete "an entity that is"

3 Insert "certain entities that are"

4

5 Page 1, line 2:

6 Delete "a federally recognized tribe"

7 Insert "federally recognized tribes"

8

9 Page 5, line 8, following "Code)":

10 Insert "but does not include an entity organized with the primary purpose of  
11 owning, operating, managing, or controlling a plant or system for furnishing electric  
12 service by generation, transmission, or distribution"

*except for the purpose of  
(~~and~~ alter bldg envr effency) ~~and~~  
improvements*

House Energy

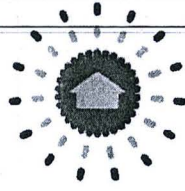
HB 81

2.7.17

Amendment A.4 with conceptual amendment to the amendment rolled in:

"but does not include an entity organized with the primary purpose of owning, operating, managing, or controlling a plant or system for furnishing electric service by generation, transmission, or distribution, **except when used for building end-use energy efficiency improvements unrelated to the generation, distribution or transmission of power or recovered heat.**"

**A.4 was adopted as amended**



## ASSOCIATION OF ALASKA HOUSING AUTHORITIES

*Building communities, empowering Alaskans.*

February 13, 2017

Honorable Members of the Alaska Legislature  
State Capitol Building  
Juneau, Alaska 99801

**Subject: House Bill 81 – Eligibility for Alaska Energy Efficiency Loans**

Dear Members of the Alaska Legislature:

I write on behalf of the Association of Alaska Housing Authorities (AAHA) to express strong support for House Bill 81, which would expand eligibility for loans made through the Alaska Energy Efficiency Revolving Loan Fund. Presently, the Alaska Energy Efficiency Revolving Loan Fund is an underutilized asset. HB 81 would help put that asset to work, creating and/or preserving good jobs for Alaskans while reducing energy consumption. Best of all, HB 81 would do this without any additional investment of State resources, having received a Zero Fiscal Note.

AAHA's membership includes the 14 regional housing authorities that were created pursuant to Alaska statute. Since 1971, Alaska's regional housing authorities have built or rehabbed approximately 12,500 housing units in more than 250 rural and urban communities. Collectively, the regional housing authorities generate nearly a quarter of a billion dollars of economic activity in Alaska each year, employing 1,700 Alaskans. AAHA's members are the primary (or only) provider of affordable housing in most regions of the state, and that housing typically incorporates energy efficient design and construction techniques.

However, the fiscal environment has changed at both the federal and state levels. Resources are strained, making it increasingly difficult to identify funding and financing for energy efficiency improvements. Resource scarcity makes it less likely that Alaska organizations will invest in energy efficiency improvements, straining our communities' energy resources and precluding economic activity that could support Alaskan jobs.

A November 2014 white paper by the Alaska Housing Finance Corporation (AHFC) notes that money spent on energy efficiency retrofits involves a significant amount of labor, including construction, maintenance, and engineering. The authors noted that with a properly trained workforce, much of that labor can be provided locally, keeping more money in the local economy than if it was spent on fuels.

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They also noted that residential energy efficiency programs in Alaska had, as of 2014, created an estimated 2,700 short-term jobs and 300 permanent jobs. Put to proper use, the Alaska Energy Efficiency Revolving Loan Fund also has the potential to create and sustain good Alaskan jobs.

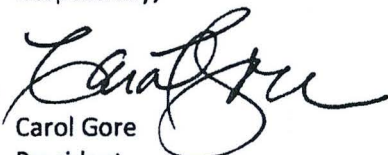
The AHFC white paper also notes that energy efficiency has the potential to be particularly beneficial to rural Alaskan economies. According to UAA's Institute of Social and Economic Research, in rural western and northern Alaska approximately 71% of the cash portion of economy and 36% of the jobs come from government sources. These jobs include positions in non-profit buildings, tribal offices, housing authority offices, health clinics, and more. Because the cost of the energy required to maintain a comfortable temperature in rural structures is often extremely high, it frequently makes good financial sense to reduce operating costs by financing energy efficiency improvements.

Expanding eligibility for loans from the Alaska Energy Efficiency Revolving Loan Fund (AEERLF) would not disadvantage currently eligible entities like municipalities and school districts. The AEERLF was created in 2010 by legislation that authorized the Alaska Housing Finance Corporation to make \$250 million in low interest loans to public entities for energy efficiency improvements. To date, only one loan has been closed. Additionally, if more capital is needed for some reason, AHFC could simply request additional bonding authority.

Most critically, putting the AEERLF to work reducing energy consumption and creating jobs in Alaskan communities is anticipated to cost the State nothing. HB 81 has received a zero fiscal note. In an environment in which resources are scarce and jobs are at risk in many of our communities, expanding eligibility for the AEERLF simply makes sense.

On behalf of the Association of Alaska Housing Authorities, thank you for your time and attention to this important legislation.

Respectfully,

  
Carol Gore  
President

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version: HB 81  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB081-DOR-AHFC-1-27-17  
Title: AK ENERGY EFFICIENCY LOANS: ELIGIBILITY  
Sponsor: KREISS-TOMKINS  
Requester: (H) ENG

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

**Expenditures/Revenues**

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>OPERATING EXPENDITURES</b>	<b>FY 2018</b>	<b>FY 2018</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
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>

**Fund Source (Operating Only)**

None							
<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>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<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>

**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? **Yes**  
If yes, by what date are the regulations to be adopted, amended or repealed? **09/30/17**

**Why this fiscal note differs from previous version:**

Not applicable; initial version.

Prepared By: Stacy Schubert Phone: (907)330-8445  
Division: Alaska Housing Finance Corporation Date: 01/27/2017 12:00 PM  
Approved By: Jerry Burnett, Deputy Commissioner Date: 01/27/17  
Agency: Department of Revenue

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2017 LEGISLATIVE SESSION

BILL NO. HB 81

**Analysis**

The bill would expand eligibility for the Alaska Energy Efficiency Revolving Loan program. Financial activity would be managed in the same fashion as other loan programs in AHFC's loan portfolio. This is a Zero Fiscal Note.

