

CS FOR SENATE BILL NO. 220(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 3/10/10

Referred: Finance

Sponsor(s): SENATE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act declaring a state energy policy; relating to energy efficiency, energy**
2 **conservation, and alternative energy; relating to an emerging energy technology fund**
3 **and a renewable energy refundable tax credit; relating to a fuel purchasing cooperative,**
4 **to the Alaska heating assistance program, to energy codes and efficiency standards, to a**
5 **state agency energy use reduction program and to state energy use data, to the**
6 **Southeast energy fund, to the alternative energy revolving loan fund, to nuclear energy**
7 **production and facilities, to the definition of 'power project' or 'project' as it relates to**
8 **rural and statewide energy programs and the Alaska Energy Authority, to the definition**
9 **of 'alternative energy system,' and to the renewable energy grant fund; establishing an**
10 **Alaska energy efficiency revolving loan fund; directing the Department of**
11 **Transportation and Public Facilities to prepare a report on the feasibility of using**
12 **compressed natural gas to power vehicles in the state, including vehicles owned or**

1 operated by the state, and including in that study, if warranted, a pilot program
 2 proposal for powering some vehicles owned or operated by the state with compressed
 3 natural gas; authorizing and relating to the issuance of bonds by the Alaska Housing
 4 Finance Corporation; and relating to an energy report by the Office of the Governor."

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

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
 7 to read:

8 **SHORT TITLE.** This Act may be known as the Alaska Sustainable Energy Act.

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

11 **LEGISLATIVE POLICY.** The legislature recognizes that the state's economic
 12 prosperity is dependent on available, reliable, and affordable residential, commercial, and
 13 industrial energy to supply the state's electric, heating, and transportation needs. The
 14 legislature further recognizes that energy efficiency, renewable energy, fossil fuels, and
 15 conservation will each play an important role in meeting the state's energy needs, which vary
 16 widely across the state's diverse geographic regions. In establishing a state energy policy, the
 17 legislature intends for the state to achieve a 10 percent increase in energy efficiency from
 18 2010 levels by 2015 and a 15 percent increase in energy efficiency by 2020, after accounting
 19 for growth in population and economy. Therefore, it is the policy of the state to

20 (1) institute a comprehensive and coordinated approach to supporting energy
 21 efficiency and conservation by

22 (A) establishing statewide energy efficiency codes for new and
 23 renovated public buildings and by assisting local communities interested in adopting
 24 energy efficiency codes for new and renovated residential and commercial buildings;

25 (B) decreasing public building energy consumption through
 26 conservation measures and energy-efficient technologies; and

27 (C) educating state residents on the benefits of energy efficiency and
 28 conservation, including dissemination of information on state and federal programs
 29 that reward energy efficiency;

1 (2) encourage economic development by

2 (A) promoting the development of renewable energy resources,
3 including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, and biomass
4 energy with a goal of generating 50 percent of the state's electricity using renewable
5 energy resources by 2020;

6 (B) promoting the development, transport, and efficient use of
7 nonrenewable energy resources, including natural gas, coal, oil, nuclear energy, gas
8 hydrates, and heavy oil, for use by Alaskans, for export, and as feedstock for value-
9 added enterprises;

10 (C) working to identify and assist with development of the most cost-
11 effective, long-term sources of energy for each community statewide;

12 (D) creating and maintaining a state fiscal regime that encourages
13 private sector development of the state's energy resources;

14 (E) ensuring a reliable in-state gas supply for residents of the state;

15 (3) support energy research, education, and workforce development by
16 investing in

17 (A) training and education programs that address energy conservation,
18 efficiency, extraction, processing, and transportation, including programs that address
19 workforce development and workforce transition; and

20 (B) applied energy research and development of emerging
21 technologies, including university programs, to achieve reductions in state energy
22 costs and stimulate industry investment in the state;

23 (4) coordinate governmental functions by

24 (A) actively collaborating with the private sector and local and federal
25 agencies to achieve the state's energy goals and to meet emissions, renewable energy,
26 and energy production targets; and

27 (B) reviewing and streamlining regulatory processes and balancing the
28 economic costs of review with the level of review necessary to protect the public
29 interest.

30 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 PURPOSE. The purpose of AS 44.42.067, enacted by sec. 23 of this Act, is to reduce
2 the amount of energy consumed by public facilities in use in 2010 by 15 percent by 2020,
3 thereby reducing costs to the state and increasing jobs in energy efficiency industries.

4 * **Sec. 4.** AS 14.08.101 is amended to read:

5 **Sec. 14.08.101. Powers.** A regional school board may

6 (1) sue and be sued;

7 (2) contract with the department, the Bureau of Indian Affairs, or any
8 other school district, agency, or regional board for the provision of services, facilities,
9 supplies, or utilities;

10 (3) determine its own fiscal procedures, including but not limited to
11 policies and procedures for the purchase of supplies and equipment; the regional
12 school boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30 (State
13 Procurement Code);

14 (4) appoint, compensate, and otherwise control all school employees in
15 accordance with this title; these employees are not subject to AS 39.25 (State
16 Personnel Act);

17 (5) adopt regulations governing organization, policies, and procedures
18 for the operation of the schools;

19 (6) establish, maintain, operate, discontinue, and combine schools
20 subject to the approval of the commissioner;

21 (7) recommend to the department projects for construction,
22 rehabilitation, and improvement of schools and education-related facilities as specified
23 in AS 14.11.011(b), and plan, design, and construct the project when the responsibility
24 for it is assumed under AS 14.11.020;

25 (8) by resolution adopted by a majority of all the members of the board
26 and provided to the commissioner of the department, assume ownership of all land and
27 buildings used in relation to the schools in the regional educational attendance area, as
28 provided for in AS 14.08.151(b);

29 (9) provide housing for rental to teachers, by leasing existing housing
30 from a local agency or individual, by entering into contractual arrangements with a
31 local agency or individual to lease housing that will be constructed by the local agency

1 or individual for that purpose, or, without using for the purpose that portion of public
 2 school funding that consists of state aid provided under AS 14.17, by constructing or
 3 otherwise acquiring housing that is owned and managed by the regional educational
 4 attendance area for rental to teachers;

5 (10) employ a chief school administrator;

6 (11) **apply for and use the proceeds of a loan from the Alaska**
 7 **energy efficiency revolving loan fund (AS 18.56.855);**

8 **(12)** exercise those other functions that may be necessary for the
 9 proper performance of its responsibilities.

10 * **Sec. 5.** AS 18.45.020 is amended to read:

11 **Sec. 18.45.020. United States licenses or permits required.** A person may
 12 not manufacture, construct, produce, transfer, acquire, or possess a special nuclear
 13 material, by-product material, **special nuclear material facility, by-product material**
 14 **facility,** production facility, or utilization facility, or act as an operator of a production
 15 **facility** or utilization facility, wholly within the state without first obtaining a license
 16 or permit for the activity in which the person proposes to engage from the Nuclear
 17 Regulatory Commission if the commission requires a license or permit to be obtained
 18 by persons proposing to engage in the activities.

19 * **Sec. 6.** AS 18.45.025(a) is amended to read:

20 (a) A person may not construct a nuclear fuel production facility, **nuclear**
 21 **utilization facility,** utilization facility, reprocessing facility, or nuclear waste disposal
 22 facility in the state without first obtaining a permit from the Department of
 23 Environmental Conservation to construct the facility on land designated by the
 24 legislature under (b) of this section.

25 * **Sec. 7.** AS 18.45.025(b) is amended to read:

26 (b) The legislature shall designate by law the land in the state on which a
 27 nuclear fuel production **facility,** nuclear utilization **facility, utilization facility,**
 28 nuclear reprocessing **facility,** or nuclear waste disposal facility may be located. In
 29 designating the land in the state on which

30 **(1) a nuclear utilization facility or utilization facility may be**
 31 **located, the legislature shall act in the interest of regulating the economics of**

1 **nuclear energy;**

2 (2) a nuclear fuel production **facility**, [NUCLEAR UTILIZATION,]
3 nuclear reprocessing **facility**, or nuclear waste disposal facility may be located, the
4 legislature shall act to protect the public health and safety.

5 * **Sec. 8.** AS 18.45.025(c) is repealed and reenacted to read:

6 (c) The Department of Environmental Conservation shall adopt regulations
7 governing the issuance of permits required by (a) of this section. However, a permit
8 may not be issued until the municipality with jurisdiction over the proposed facility
9 site has approved the permit.

10 * **Sec. 9.** AS 18.56.090 is amended by adding a new subsection to read:

11 (f) In furtherance of its corporate purpose, the corporation may, in cooperation
12 with the Alaska Energy Authority, provide technical assistance to municipalities
13 related to residential and commercial building energy codes and energy efficiency
14 standards.

15 * **Sec. 10.** AS 18.56 is amended by adding a new section to read:

16 **Sec. 18.56.855. Alaska energy efficiency revolving loan fund.** (a) The
17 Alaska energy efficiency revolving loan fund is established in the corporation to carry
18 out the purposes of this section. The revolving loan fund consists of money or assets
19 appropriated or transferred to the corporation for the revolving loan fund, including
20 money and assets deposited in the revolving loan fund by the corporation and earnings
21 on investments of money held in the revolving loan fund. The corporation may
22 establish separate accounts in the fund. The corporation shall establish the interest
23 rates, security provisions, and other terms of a loan made under this section taking into
24 consideration the corporation's cost of funds and other factors the corporation
25 considers appropriate.

26 (b) Money and other assets of the Alaska energy efficiency revolving loan
27 fund may be used to

28 (1) make loans to regional educational attendance areas or to municipal
29 governments, including subdivisions of municipal governments, or to the state for the
30 purpose of financing energy efficiency improvements to buildings owned by regional
31 educational attendance areas, by the state, or by municipalities in the state;

1 (2) secure bonds issued by the corporation to finance the loans
2 described in (1) of this subsection;

3 (3) pay costs of administering the revolving loan fund; and

4 (4) pay the costs of administering and enforcing the terms of loans
5 made by the corporation from the revolving loan fund.

6 (c) Before a regional educational attendance area, a municipal government, or
7 a subdivision of a municipal government, may borrow money from the corporation
8 under this section, the regional educational attendance area or the municipal
9 government shall waive any sovereign immunity defense it may have available to it
10 with respect to enforcement of the terms of the loan. A regional educational
11 attendance area or a municipal government may waive sovereign immunity to comply
12 with the requirement of this subsection. The state waives any sovereign immunity
13 defense against enforcement of the terms of a loan made to the state under this section.
14 A person or corporation having a claim under this section shall bring an action in a
15 state court in Alaska that has jurisdiction over the claim.

16 (d) All regional educational attendance areas and municipal governments in
17 the state are authorized to borrow from the corporation under this section. The
18 corporation shall set out the terms of a loan to a regional educational attendance area
19 in a loan agreement or similar document. At the discretion of the corporation, a
20 borrowing by a regional educational attendance area or a municipal government under
21 this section may be effected by use of a loan agreement or similar document
22 evidencing and setting out the terms of the loan or by issuance of a bond by the
23 municipal government to the corporation. Notwithstanding a charter provision
24 requiring public sale by a regional educational attendance area or a municipality of its
25 municipal bonds or other indebtedness, a regional educational attendance area or
26 municipality may sell its bonds under this section to the corporation at a negotiated,
27 private sale. At the discretion of the corporation, the bonds or other indebtedness of
28 the municipality may be general obligations of the municipality or may be secured by
29 an identified revenue source or by a combination of the full faith and credit of the
30 municipality and an identified revenue source.

31 (e) Notwithstanding any other provision of law, to the extent that a department

1 or agency of the state is the custodian of money payable to a regional educational
 2 attendance area or to a municipality, at any time after written notice to the department
 3 or agency head from the corporation that the regional educational attendance area or
 4 municipality is in default on the payment of principal of or interest on municipal
 5 bonds or other indebtedness then held or owned by the corporation, or amounts due
 6 under an agreement between the corporation and a regional educational attendance
 7 area or a municipality, the department or agency shall withhold the payment of that
 8 money from that regional educational attendance area or municipality and pay over the
 9 money to the corporation for the purpose of paying the principal of and interest on the
 10 bonds or indebtedness. The notice must be given in each instance of default. If a notice
 11 is given under this subsection and under AS 44.85.170 and the default is continuing
 12 under this subsection and under AS 44.85.170, the department or agency shall make
 13 payment to the corporation and to the Alaska Municipal Bond Bank Authority on a
 14 pro rata basis, taking into consideration the principal amount of the respective default
 15 amounts.

16 (f) An authorized state officer may borrow from the corporation under this
 17 section for buildings owned by the state. The superintendent of a regional educational
 18 attendance area, at the direction of the regional educational attendance area school
 19 board, may borrow from the corporation under this section for buildings owned by the
 20 regional educational attendance area.

21 (g) In addition to other security that may be given with respect to a loan made
 22 under this section, the corporation may require a deed of trust on the building that is
 23 the subject of the energy efficiency loan and the real estate on which the building is
 24 located. A regional educational attendance area or a municipality may grant a deed of
 25 trust to the corporation as needed for this purpose. An authorized state officer may
 26 grant a deed of trust to the corporation as needed for this purpose.

27 (h) The corporation shall administer the Alaska energy efficiency revolving
 28 loan fund in accordance with regulations adopted by the corporation. The corporation
 29 may adopt regulations under AS 18.56.088 to carry out the purposes of this section.

30 (i) This section applies to home rule municipalities.

31 (j) In this section, "authorized state officer" means

1 (1) the commissioner of the department of the state for a building
2 owned by the state;

3 (2) the executive director of a public corporation for a building owned
4 by the public corporation;

5 (3) the legislative council for a building owned by the legislature;

6 (4) the administrative director of courts for a building owned by the
7 judicial system;

8 (5) any other person designated in writing by a person listed in (1) - (4)
9 of this subsection.

10 * **Sec. 11.** AS 35.10 is amended by adding a new section to article 1 to read:

11 **Sec. 35.10.012. Alternative energy for public works.** (a) For each public
12 work subject to AS 35.10.010 - 35.10.080, the construction of which begins on or after
13 January 1, 2011, the department shall consider using a nonfossil fuel fired alternative
14 energy system for heat or electrical power if the department reasonably believes that
15 an alternative energy system to supply heat or power is available that

16 (1) is comparably reliable to a fossil fuel fired system; and

17 (2) if used over the course of the life of the facility,

18 (A) will not cost more than a fossil fuel fired system to
19 purchase, install, maintain, and operate; and

20 (B) will have less measurable adverse effect on the
21 environment than a fossil fuel fired system.

22 (b) If the department determines that an alternative energy system described in
23 (a) of this section is available and can be used as a primary or secondary source of heat
24 or electrical power, as to a public work the construction of which under this chapter
25 begins on or after January 1, 2011, the department shall construct the public work to
26 accommodate or be compatible with the alternative energy system.

27 (c) In this section, "construction" does not include reconstruction, alteration,
28 improvement, or major repair.

29 * **Sec. 12.** AS 36.30 is amended by adding a new section to read:

30 **Sec. 36.30.323. Consideration of energy efficient equipment.** When the
31 Department of Administration enters into contracts to purchase equipment that uses

1 energy, it shall give consideration to the energy efficiency of the equipment where
2 credible and objective information on efficiency levels is readily available.

3 * **Sec. 13.** AS 37.07.040 is amended to read:

4 **Sec. 37.07.040. Office of management and budget.** The Alaska office of
5 management and budget shall

6 (1) assist the governor in meeting the requirements of AS 37.07.020,
7 including the coordination and analysis of state agency goals and objectives, plans,
8 and budget requests;

9 (2) prepare for submission to the governor an annually updated six-
10 year capital improvements program and the proposed capital improvements budget for
11 the coming fiscal year, the latter to include individual project justification with
12 documentation of estimated project cost;

13 (3) develop procedures to produce the information needed for effective
14 policy decision making, including procedures to provide for the dissemination of
15 information about plans, programs, and budget requests to be included in the annual
16 budget and opportunity for public review and comment during the period of budget
17 preparation;

18 (4) assist state agencies in their statement of goals and objectives to
19 achieve, among other things, the legislature's mission and desired results, preparation
20 of plans, assessments of the extent to which missions and desired results have been
21 achieved, budget requests, and reporting of program performance; all documents
22 forwarded by the office to a state agency containing instructions for the preparation of
23 program plans and budget requests and the reporting of program performance are
24 public information after the date they are forwarded;

25 (5) administer its responsibilities under the program execution
26 provisions of this chapter so that the policy decisions and budget determinations of the
27 governor and the legislature are implemented;

28 (6) provide the legislative finance division with the budget information
29 it may request;

30 (7) provide the legislative finance division with an advance copy of the
31 governor's budget workbooks at least seven days before the legislature convenes in a

1 regular session;

2 (8) prepare the proposed capital improvements budget for the coming
3 fiscal year evaluating both state and local requests from the standpoint of need, equity,
4 and priorities of the jurisdiction; other factors such as project amounts, population,
5 local financial match, federal funds being used for local match, municipality or
6 unincorporated community acceptance of the facility, and all associated costs of the
7 facility may be considered;

8 (9) for each department in the executive branch, report to the
9 legislature by the 45th day of each regular session the amount of money appropriated
10 to the department that is expected to lapse into the general fund at the end of the
11 current fiscal year;

12 (10) establish and administer a state agency program performance
13 management system involving planning, performance budgeting, performance
14 measurement, and program evaluation; the office shall ensure that information
15 generated under this system is useful for managing and improving the efficiency and
16 effectiveness of agency operations;

17 (11) by January 15, list each lease-purchase agreement entered into by
18 an agency during the immediately preceding fiscal year for the acquisition of
19 equipment or other personal property, together with a description of the property
20 acquired and financial details, including the purchase price, the term for payments, the
21 amount of each payment, and the amount of interest or financing charges paid;

22 **(12) work with state agencies to develop a standardized**
23 **methodology to collect and store energy consumption and expense data.**

24 * **Sec. 14.** AS 42.45.040 is repealed and reenacted to read:

25 **Sec. 42.45.040. Southeast energy fund.** (a) The Southeast energy fund is
26 established as a separate fund. The fund consists of money appropriated to the fund by
27 the legislature, including

- 28 (1) money transferred to it under former AS 42.45.050;
29 (2) gifts, bequests, contributions from other sources, and federal
30 money; and
31 (3) interest earned on the fund balance.

1 (b) The fund is not a dedicated fund.

2 (c) The authority may make grants from the Southeast energy fund for power
3 projects, repayment of loans, and payments on bonds

4 (1) for hydroelectric projects serving Southeast Alaska; or

5 (2) for other projects or programs designated by the legislature, to
6 assist in meeting the energy needs of Southeast Alaska.

7 (d) An appropriation from the fund for a project described in (c) of this section
8 lapses back into the fund if substantial, ongoing work on the project has not begun
9 within five years after the effective date of the appropriation.

10 * **Sec. 15.** AS 42.45.045(d) is amended to read:

11 (d) The authority shall, in consultation with the advisory committee
12 established under (i) of this section and the Department of Natural Resources,

13 (1) develop a methodology for determining the order of projects that
14 may receive assistance, including separate requirements for grant eligibility, and adopt
15 regulations identifying criteria to evaluate the benefit and feasibility of projects for
16 which an applicant applies for support from the legislature, with the most weight being
17 given to projects that serve any area in which the average cost of energy to each
18 resident of the area exceeds the average cost to each resident of other areas of the
19 state, and significant weight being given to a statewide balance of grant funds, [AND]
20 to the amount of matching funds an applicant is able to make available **for a project,**
21 **and to projects that are likely to have a financial benefit that exceeds the amount**
22 **of grant funds received;**

23 (2) make recommendations to the legislature for renewable power
24 production reimbursement grants; [AND]

25 (3) not later than 10 days after the first day of each regular legislative
26 session, submit to the legislature a report summarizing and reviewing each grant
27 application submitted under this section and a recommended priority for awarding
28 grants; **and**

29 **(4) require activity reports for each project funded at intervals**
30 **determined by the authority.**

31 * **Sec. 16.** AS 42.45.045 is amended by adding a new subsection to read:

1 (m) The authority shall enter into contracts or agreements with experts to
 2 assist in conducting an independent economic or financial analysis for each
 3 recommended application. The information shall be included in the report to the
 4 legislature required by (d) of this section.

5 * **Sec. 17.** AS 42.45 is amended by adding a new section to article 5 to read:

6 **Sec. 42.45.260. Fuel purchasing cooperative.** The authority shall facilitate
 7 the organization of a statewide fuel purchasing cooperative by contacting and
 8 providing technical assistance to potential participants in the cooperative, including
 9 local governments, utilities, school districts, state agencies, tribal governments,
 10 housing authorities, and other interested nonprofit entities.

11 * **Sec. 18.** AS 42.45 is amended by adding a new section to read:

12 **Article 7A. Emerging Energy Technology Fund.**

13 **Sec. 42.45.375. Emerging energy technology fund.** (a) The emerging energy
 14 technology fund is established. The fund consists of

15 (1) money appropriated to the fund by the legislature to provide grants
 16 for energy projects;

17 (2) amounts deposited under (f) of this section; and

18 (3) gifts, bequests, contributions from other sources, and federal
 19 money appropriated to the fund.

20 (b) The fund is not a dedicated fund.

21 (c) The fund shall be administered by the authority, but the authority may
 22 contract for the investment of money appropriated to the fund but not disbursed for a
 23 grant. The authority, in consultation with the advisory committee established under (g)
 24 of this section, may make grants from the fund to eligible applicants for

25 (1) research, development, or demonstration projects designed to

26 (A) test new energy technologies or methods of conserving
 27 energy; or

28 (B) improve an existing energy technology; and

29 (2) applied research projects that employ energy technology with a
 30 reasonable expectation that the technology will be commercially viable in not more
 31 than five years.

1 (d) In making grants under this section, the authority, in consultation with the
2 advisory committee established under (g) of this section, shall give priority to

3 (1) Alaska residents, associations, organizations, or institutions;

4 (2) projects that demonstrate partnership with the University of Alaska
5 or another Alaska postsecondary institution; and

6 (3) projects supported by matching funds or in-kind partnerships.

7 (e) In administering the fund, the authority may enter into a contract or
8 agreement with the University of Alaska to provide technical and economic analysis
9 for the advisory committee established under (g) of this section and a review of the
10 projects awarded grants.

11 (f) As a condition of all grants awarded under this section, the authority shall
12 require that the grantee pay to the authority a fair and reasonable return to the fund, as
13 determined by the authority, from the revenue, economic value, or profits derived by
14 the grantee from the grant project. The authority shall deposit the amounts received
15 under this subsection into the fund. To secure payment of sums owed to the authority
16 under a grant agreement, the authority may own and take a security interest in patents,
17 copyrights, and other intellectual property.

18 (g) An advisory committee is established and consists of seven members. Each
19 member of the committee shall have a degree in science or engineering, or equivalent
20 professional experience, and at least two years of experience working in the state.
21 Members of the committee shall be appointed by the governor to staggered three-year
22 terms. The committee consists of one representative of each of the following groups:

23 (1) a business or organization engaged in the renewable energy sector;

24 (2) a business or organization engaged in the fossil fuel energy sector;

25 (3) the Alaska Power Association or an Alaska electric utility;

26 (4) the Denali Commission established under P.L. 105-277 and
27 mentioned in a note at 42 U.S.C. 3121;

28 (5) the National Renewable Energy Laboratory;

29 (6) the Arctic Energy Office of the National Energy Technology
30 Laboratory;

31 (7) the Alaska Industrial Development and Export Authority.

1 (h) A member of the advisory committee appointed under (g) of this section
 2 serves without compensation but is entitled to per diem and travel expenses as
 3 provided in AS 39.20.180.

4 (i) If a member of the advisory committee appointed under (g)(4), (g)(5), or
 5 (g)(6) is not available to serve as a member of the committee, the governor shall
 6 appoint a representative from a federal agency or department with a comparable
 7 mission or purpose to the agency listed in (g)(4), (g)(5), or (g)(6) to fill the position on
 8 the committee. If a representative from a federal agency or department is not available
 9 to fill the position, the governor may appoint a member from a state agency or
 10 department.

11 (j) In this section,

12 (1) "eligible applicant" means

13 (A) an electric utility holding a certificate of public
 14 convenience and necessity under AS 42.05;

15 (B) an independent power producer;

16 (C) a local government, quasi-governmental entity, or other
 17 governmental entity, including a tribal council or housing authority;

18 (D) a business holding an Alaska business license; or

19 (E) a nonprofit organization.

20 (2) "energy technology" means technology that promotes, enhances, or
 21 expands the diversity of available energy supply sources or means of transmission,
 22 increases energy efficiency, or reduces negative energy-related environmental effects;
 23 "energy technology" includes technology related to renewable sources of energy,
 24 conservation of energy, enabling technologies, efficient and effective use of
 25 hydrocarbons, and integrated energy systems;

26 (3) "fund" means the emerging energy technology fund.

27 * **Sec. 19.** AS 42.45.990(4) is amended to read:

28 (4) "power project" or "project" means a plant, works, system, or
 29 facility, together with related or necessary facilities and appurtenances, including a
 30 divided or undivided interest in or a right to the capacity of a power project or project,
 31 that is used or is useful for the purpose of

1 (A) electrical or thermal energy production [OTHER THAN
2 NUCLEAR ENERGY PRODUCTION];

3 (B) waste energy utilization and energy conservation; or

4 (C) transmission, purchase, sale, exchange, and interchange of
5 electrical or thermal energy, including district heating or interties;

6 * **Sec. 20.** AS 43.20 is amended by adding a new section to read:

7 **Sec. 43.20.046. Renewable energy credit.** For purposes of calculating the tax
8 payable under this chapter, a taxpayer shall apply as a credit against tax liability any
9 renewable energy refundable tax credits earned under AS 43.98.040.

10 * **Sec. 21.** AS 43.98 is amended by adding a new section to read:

11 **Sec. 43.98.040. Renewable energy refundable tax credit.** (a) A person that
12 produces renewable energy may claim a renewable energy refundable tax credit in the
13 amount of 15 percent of the retail rate charged by the person, as determined by the
14 Regulatory Commission of Alaska for each kilowatt-hour of electricity produced from
15 renewable energy.

16 (b) A person may claim a credit under this section in the first year the capital
17 investment used to produce electricity from renewable energy is placed into service
18 and for the four years following that year.

19 (c) A person may claim a credit under this section only for a capital
20 investment

21 (1) to produce electricity from renewable energy that is placed into
22 service on or after the effective date of this Act; or

23 (2) to expand production of electricity from renewable energy if the
24 investment for production expansion is made on or after the effective date of this Act.

25 (d) A person

26 (1) shall use a credit under this section to offset taxes imposed under
27 AS 43.20 (Alaska Net Income Tax Act); and

28 (2) may not calculate and apply the credit against the alternative
29 minimum tax levied under the authority of AS 43.20.021(f).

30 (e) The department shall prescribe a form or format and adopt procedures to
31 allow a person to claim a refundable credit under this section. The commissioner shall

1 pay the amount of a tax credit under this section to a person who submits a form and
 2 follows procedures adopted under this subsection. A credit under this section shall be
 3 paid in the manner provided in AS 43.20.030(e) for the payment of refunds. Payments
 4 may not be made under the authority of this subsection without an appropriation for
 5 that purpose.

6 (f) A credit claimed under this section may not exceed 10 percent of the
 7 person's capital investment for the production of electricity from renewable energy or
 8 \$30,000,000 for each project, whichever is less. In calculating a person's capital
 9 investment, a person may not include any state or federal grant the person received for
 10 the capital investment.

11 (g) In this section,

12 (1) "capital investment" means an expenditure made

13 (A) for real property or tangible personal property used in this
 14 state in the production of electricity from renewable energy; and

15 (B) for an asset first placed in service for the production of
 16 electricity from renewable energy in the state during or before the tax year in
 17 which the credit is claimed; in this subparagraph, "placed in service for the
 18 production of electricity from renewable energy in the state" means that the
 19 first use of the capital investment is in this state; if the property on which the
 20 claim of the credit is based has been used outside the state in the tax year of
 21 acquisition and is brought to this state during that year or a subsequent year,
 22 the property does not qualify as a capital investment;

23 (2) "credit" means the renewable energy refundable tax credit
 24 authorized by this section;

25 (3) "project" means a plant, works, system, or facility, together with
 26 related or necessary facilities and appurtenances, including a divided or undivided
 27 interest in or a right to the capacity of a power project or project, that is used or is
 28 useful for the purpose of renewable energy production;

29 (4) "renewable energy" means geothermal, solar, hydroelectric, wind,
 30 biomass, hydrokinetic or tidal, and wave energy.

31 * **Sec. 22.** AS 44.42.020(a) is amended to read:

1 (a) The department shall

2 (1) plan, design, construct, and maintain all state modes of
3 transportation and transportation facilities and all docks, floats, breakwaters, buildings,
4 and similar facilities;

5 (2) study existing transportation modes and facilities in the state to
6 determine how they might be improved or whether they should continue to be
7 maintained;

8 (3) study alternative means of improving transportation in the state
9 with regard to the economic costs of each alternative and its environmental and social
10 effects;

11 (4) develop a comprehensive, long-range, intermodal transportation
12 plan for the state;

13 (5) study alternatives to existing modes of transportation in urban areas
14 and develop plans to improve urban transportation;

15 (6) cooperate and coordinate with and enter into agreements with
16 federal, state, and local government agencies and private organizations and persons in
17 exercising its powers and duties;

18 (7) manage, operate, and maintain state transportation facilities and all
19 docks, floats, breakwaters, and buildings, including all state highways, vessels,
20 railroads, pipelines, airports, and aviation facilities;

21 (8) study alternative means of transportation in the state, considering
22 the economic, social, and environmental effects of each alternative;

23 (9) coordinate and develop state and regional transportation systems,
24 considering deletions, additions, and the absence of alterations;

25 (10) develop facility program plans for transportation and state
26 buildings, docks, and breakwaters required to implement the duties set out in this
27 section, including but not limited to functional performance criteria and schedules for
28 completion;

29 (11) supervise and maintain all state automotive and mechanical
30 equipment, aircraft, and vessels, except vessels and aircraft used by the Department of
31 Fish and Game or the Department of Public Safety; for state vehicles maintained by

1 the department, the department shall every five years evaluate the cost, efficiency, and
 2 commercial availability of alternative fuels for automotive purposes, and the purpose
 3 for which the vehicles are intended to be used, and convert **vehicles to use alternative**
 4 **fuels** or purchase **energy efficient** vehicles [TO USE ALTERNATIVE FUELS]
 5 whenever practicable; the department may participate in joint ventures with public or
 6 private partners that will foster the availability of alternative fuels for all automotive
 7 fuel consumers;

8 (12) supervise aeronautics inside the state, under AS 02.10;

9 (13) implement the safety and financial responsibility requirements for
 10 air carriers under AS 02.40;

11 (14) inspect weights and measures;

12 (15) at least every four years study alternatives available to finance
 13 transportation systems in order to provide an adequate level of funding to sustain and
 14 improve the state's transportation system.

15 * **Sec. 23.** AS 44.42 is amended by adding a new section to read:

16 **Sec. 44.42.067. Retrofits and new construction for energy efficiency;**
 17 **energy efficiency report.** (a) Not later than January 1, 2020, the department shall
 18 work with other state agencies to retrofit at least 25 percent of all public facilities,
 19 starting with those it determines are the least energy efficient, if the department
 20 determines that retrofitting the public facilities will result in a net savings in energy
 21 costs to the state within 15 years after completion of the retrofits for a public facility
 22 and if funding for the retrofits is available.

23 (b) A retrofit or deferred maintenance of a public facility performed under this
 24 section, to the extent feasible, shall meet or exceed the most recently published edition
 25 of the ASHRAE/IESNA Standard 90.1, Energy Standard for Buildings Except for
 26 Low-Rise Residential Buildings, as published by the American Society of Heating,
 27 Refrigerating and Air-Conditioning Engineers.

28 (c) New construction of a public facility under this section shall meet or
 29 exceed the most recently published edition of the ASHRAE/IESNA Standard 90.1,
 30 Energy Standard for Buildings Except for Low-Rise Residential Buildings, as
 31 published by the American Society of Heating, Refrigerating and Air-Conditioning

1 Engineers.

2 (d) Not later than January 1 of each year, the department, in consultation with
 3 the Department of Administration, shall submit a report to the legislature detailing the
 4 department's progress in meeting the requirements of this section to reduce state
 5 energy consumption and costs and carrying out the duties listed in AS 44.42.020
 6 related to energy use. The department shall include in the report an analysis of the
 7 consumption and expense data recorded by the office of management and budget
 8 under AS 37.07.040, comparing energy consumption levels in each year with past
 9 years to determine if reductions are being achieved.

10 (e) In this section, "public facility" means a facility owned and controlled by
 11 the state for government or public use that is 10,000 square feet or more and is not a
 12 legislative building or court building.

13 * **Sec. 24.** AS 44.83.080 is amended by adding a new subsection to read:

14 (b) In furtherance of its corporate purpose, the authority shall annually plan
 15 and conduct, in cooperation with the Alaska Housing Finance Corporation, a public
 16 education campaign to promote energy efficiency and conservation.

17 * **Sec. 25.** AS 44.83.990(6) is amended to read:

18 (6) "power project" or "project" means a plant, works, system, or
 19 facility, together with related or necessary facilities and appurtenances, including a
 20 divided or undivided interest in or a right to the capacity of a power project or project,
 21 that is used or is useful for the purpose of

22 (A) electrical or thermal energy production [OTHER THAN
 23 NUCLEAR ENERGY PRODUCTION];

24 (B) waste energy utilization and energy conservation; or

25 (C) transmission, purchase, sale, exchange, and interchange of
 26 electrical or thermal energy, including district heating or interties;

27 * **Sec. 26.** AS 45.88.010(a) is amended to read:

28 (a) There is established in the Department of Commerce, Community, and
 29 Economic Development the alternative energy conservation revolving loan fund to
 30 carry out the purposes of AS 45.88.010 - 45.88.090. Loans made under AS 45.88.010
 31 - 45.88.090 are to be used

1 **(1)** to develop means of energy production utilizing **one or more**
 2 **alternative energy systems; and**

3 **(2) to purchase, construct, and install energy conservation**
 4 **improvements in commercial buildings** [ENERGY SOURCES OTHER THAN
 5 FOSSIL OR NUCLEAR FUEL, INCLUDING, BUT NOT LIMITED TO,
 6 WINDMILLS, WATER AND SOLAR ENERGY DEVICES].

7 * **Sec. 27.** AS 45.88.010 is amended by adding a new subsection to read:

8 (e) The alternative energy conservation revolving loan fund consists of

9 (1) money appropriated to the fund by the legislature;

10 (2) gifts, bequests, or contributions from other sources;

11 (3) principal and interest payments or other income earned on loans or
 12 investments in the fund; and

13 (4) money chargeable to principal or interest that is collected through
 14 liquidation by foreclosure or other processes on loans made under AS 45.88.010 -
 15 45.88.090.

16 * **Sec. 28.** AS 45.88.020(a) is amended to read:

17 (a) The department may

18 (1) make loans for the purchase, construction, and installation, **in**
 19 **commercial buildings that are located in the state,** of

20 **(A) alternative energy systems; and**

21 **(B) energy conservation improvements;**

22 (2) adopt regulations necessary to carry out the provisions of
 23 AS 45.88.010 - 45.88.090, including regulations to establish reasonable fees for
 24 services provided and charges for collecting the fees;

25 (3) collect the fees and collection charges established under this
 26 subsection.

27 * **Sec. 29.** AS 45.88.025 is amended by adding a new section to read:

28 **Sec. 45.88.025. Eligibility.** To be eligible for a loan under AS 45.88.010 -
 29 45.88.090, an applicant must

30 (1) physically reside in the state and maintain a domicile in the state
 31 during 12 consecutive months before the date of application for a loan and may not

1 have

2 (A) declared or established residency in another state; or

3 (B) received residency or a benefit based on residency from
4 another state;

5 (2) be at least 51 percent owned by individuals described in (1) of this
6 section if the applicant is a corporation, joint venture, or partnership; or

7 (3) be a nonprofit organization under AS 10.20.

8 * **Sec. 30.** AS 45.88.030(a) is repealed and reenacted to read:

9 (a) A loan made under AS 45.88.010 - 45.88.090 may not exceed \$50,000. If
10 the requested loan amount exceeds \$30,000, the applicant must deliver to the
11 department a document from a financial institution stating that

12 (1) the applicant has been denied a loan for the same purpose; or

13 (2) the loan from the financial institution is contingent on the applicant
14 also receiving a loan from the fund.

15 * **Sec. 31.** AS 45.88.030(e) is amended to read:

16 (e) The rate of interest for a loan under AS 45.88.010 - 45.88.090 is the
17 prime rate, as defined by AS 44.88.599, plus one percentage point, but may not be
18 less than five percent a year [FOR AN ALTERNATIVE ENERGY SYSTEM IS
19 FIVE PERCENT FOR THE FIRST \$15,000 OF THE LOAN AND 15 PERCENT
20 FOR THE AMOUNT OF THE LOAN THAT EXCEEDS \$15,000].

21 * **Sec. 32.** AS 45.88.030 is amended by adding a new subsection to read:

22 (f) A loan under AS 45.88.010 - 45.88.090 must be secured by a mortgage or
23 other security instrument in the real property to be improved and a lien on the
24 improvements financed with the loan.

25 * **Sec. 33.** AS 45.88.090(a) is amended to read:

26 (a) In AS 45.88.010 - 45.88.090,

27 (1) "alternative energy system"

28 (A) [(1)] means a source of thermal, mechanical or electrical
29 energy that [WHICH] is not dependent on oil or gas or a nuclear fuel for the
30 supply of energy for space heating and cooling, refrigeration and cold storage,
31 electrical power, mechanical power, or the heating of water;

1 **(B)** [(2)] includes

2 **(i)** [(A)] an alternative energy property as defined by 26
3 U.S.C. 48(a)(3)(A) (Sec. 301, P.L. 95-618, Internal Revenue Code);

4 **(ii)** [(B)] a method of architectural design and
5 construction which provides for the collection, storage, and use of
6 direct radiation from the sun;

7 **(iii)** [(C)] a woodstove with a catalytic converter or a
8 catalytic converter for a wood stove; [AND]

9 **(iv)** [(D)] a steam, hot water, or ducted hot air central
10 heating system that uses wood or coal for fuel; **and**

11 **(v) a high efficiency wood pellet stove;**

12 **(C)** [(3)] does not include

13 **(i)** [(A)] a stove that uses only wood, coal, or oil for
14 fuel; or

15 **(ii)** [(B)] a fireplace or fireplace insert;

16 **(2) "commercial building"**

17 **(A) means a building that is intended to be used for**
18 **commercial purposes;**

19 **(B) does not include**

20 **(i) a residential structure or mobile home that**
21 **contains one to four family housing units; or**

22 **(ii) individual units of condominiums or**
23 **cooperatives;**

24 **(3) "energy conservation improvement" means**

25 **(A) structural insulation;**

26 **(B) thermal windows and doors;**

27 **(C) a furnace replacement burner designed to achieve a**
28 **reduction in the amount of fuel consumed as a result of increased**
29 **combustion efficiency;**

30 **(D) a device for modifying flue openings designed to**
31 **increase the efficiency of operation of the heating system;**

1 (E) an electrical or mechanical furnace ignition system that
 2 replaces a gas pilot light;

3 (F) an automatic energy-saving setback thermostat;

4 (G) a meter that displays the cost of energy usage;

5 (H) caulking and weather stripping of doors and windows;

6 (I) insulating shades and shutters;

7 (J) air and water recuperators.

8 * **Sec. 34.** AS 46.11.900(1) is amended to read:

9 (1) "alternative energy system"

10 (A) means a source of thermal, mechanical, or electrical energy
 11 that is not dependent on oil or gas [OR A NUCLEAR FUEL] for the supply of
 12 energy for space heating and cooling, refrigeration and cold storage, electrical
 13 power, mechanical power, or the heating of water;

14 (B) includes

15 (i) an alternative energy property as defined by 26
 16 U.S.C. 48(a)(3)(A); and

17 (ii) a method of architectural design and construction
 18 that provides for the collection, storage, and use of direct radiation from
 19 the sun;

20 * **Sec. 35.** AS 47.25.621 is amended to read:

21 **Sec. 47.25.621. Alaska affordable heating [ASSISTANCE] program.** (a)

22 The Alaska affordable heating [ASSISTANCE] program is established in the
 23 Department of Health and Social Services to provide expanded eligibility for Alaska
 24 residents for home heating assistance, to the extent funds are available in the Alaska
 25 affordable heating fund [APPROPRIATED BY THE LEGISLATURE FOR THAT
 26 PURPOSE].

27 (b) The Alaska affordable heating [ASSISTANCE] program established
 28 under this section is in addition to the federal low-income heating and energy
 29 assistance provided under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy
 30 Assistance Act of 1981), as amended, and implementing regulations.

31 * **Sec. 36.** AS 47.25.621 is amended by adding a new subsection to read:

1 (c) The Alaska affordable heating fund is established as a separate fund to be
 2 managed by the Department of Revenue. The fund consists of appropriations made to
 3 it. Interest earned by the fund may be appropriated to it. The Department of Health and
 4 Social Services shall use money in the fund for Alaska affordable heating payments.

5 * **Sec. 37.** AS 47.25.622 is amended to read:

6 **Sec. 47.25.622. Duties.** The Department of Health and Social Services
 7 [DEPARTMENT] shall

8 (1) administer the Alaska affordable heating [ASSISTANCE]
 9 program provided under AS 47.25.621;

10 (2) adopt regulations under AS 44.62 (Administrative Procedure Act)
 11 to carry out the purpose of the program;

12 (3) coordinate payments among other heating assistance programs to
 13 avoid duplication of payments.

14 * **Sec. 38.** AS 47.25.623 is amended to read:

15 **Sec. 47.25.623. Eligibility; payment amount.** An individual is eligible for
 16 home heating assistance payments under the Alaska affordable heating
 17 [ASSISTANCE] program if the individual

18 (1) is a resident of the state;

19 (2) is physically present and resides in a home in the state when the
 20 home heating costs are incurred;

21 (3) for assistance calculated under (b) and (c) of this section, has
 22 gross household income not to exceed, as a percentage of the federal poverty
 23 guideline for Alaska set by the United States Department of Health and Human
 24 Services and revised under 42 U.S.C. 9902(2),

25 (A) 225 percent for a determination to be made under (c)(1)

26 - (3) of this section; and

27 (B) 250 percent for a determination to be made under (c)(4)
 28 of this section; and [HAS GROSS HOUSEHOLD INCOME ABOVE 150
 29 PERCENT BUT THAT DOES NOT EXCEED 225 PERCENT OF THE
 30 FEDERAL POVERTY GUIDELINE FOR ALASKA SET BY THE UNITED
 31 STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES AND

1 REVISED UNDER 42 U.S.C. 9902(2);]

2 (4) meets other eligibility requirements specified in regulations
3 adopted under AS 47.25.622.

4 * **Sec. 39.** AS 47.25.623 is amended by adding new subsections to read:

5 (b) The Department of Health and Social Services shall determine the number
6 of points for each eligible individual based on the point formula used under 42 U.S.C.
7 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981), as amended, and
8 implementing regulations. Except as provided in (d) of this section, the amount of the
9 Alaska affordable heating payment for an individual equals the base amount calculated
10 under (c) of this section minus the amount the individual is eligible to receive under
11 the federal low-income home energy assistance program under 42 U.S.C. 8621 - 8629,
12 as amended, and implementing regulations.

13 (c) The Department of Health and Social Services shall calculate the base
14 amount of the Alaska affordable heating payment for the individual based on points
15 determined under (b) of this section and on the average price a barrel of Alaska North
16 Slope crude oil for sale on the United States West Coast during September through
17 February of the preceding fiscal year as follows:

18 (1) \$130 a point when the average price is not more than \$75 a barrel;

19 (2) \$140 a point when the average price is more than \$75 and not more
20 than \$100 a barrel;

21 (3) \$150 a point when the average price is more than \$100 and not
22 more than \$150 a barrel;

23 (4) \$165 a point when the average price is more than \$150 a barrel.

24 (d) Under the program authorized by AS 47.25.621 - 47.25.626, taking into
25 consideration the gross household income rates established in (a) of this section and
26 the base amounts to be calculated under (b) and (c) of this section,

27 (1) if insufficient money is appropriated to fully fund the Alaska
28 affordable heating payments during the fiscal year, the department

29 (A) shall, for the duration of that fiscal year, suspend
30 calculation and payment under (a)(3)(B) of this section and calculate and pay
31 all eligible individuals under (a)(3)(A) of this section; and

1 (B) may, to the extent there is or may be an appropriation
 2 balance surplus to the amount required to make all payments under (A) of this
 3 paragraph, by regulation, establish at any time during the fiscal year a
 4 prospective pro rata reduction of the payment rates that the department will
 5 pay to eligible individuals under the program during that fiscal year qualifying
 6 under (a)(3)(B) of this section and, thereafter, may provide for prorated
 7 payments; and

8 (2) if the commissioner reasonably determines that the total of
 9 appropriations from all sources during the fiscal year may exceed the amount required
 10 to fully fund all applications for assistance for Alaska affordable heating payments, the
 11 commissioner may expend the amount of excess money, not to exceed the total
 12 amount of the appropriations, to carry out the purpose of AS 47.25.621 - 47.25.626;
 13 under the authority of this paragraph, the commissioner shall distribute the estimated
 14 excess money pro rata among individuals receiving assistance under this section
 15 without regard to the limitations set out in the dollar value of the point formula
 16 expressed in (c)(1) - (4) of this section.

17 * **Sec. 40.** AS 47.25.626(a) is amended to read:

18 (a) The **Department of Health and Social Services** [DEPARTMENT] may
 19 develop a regional Alaska heating [ASSISTANCE] program for the administration of
 20 AS 47.25.621 - 47.25.626 to provide home heating assistance in a uniform and cost-
 21 effective manner in a region of this state if an Alaska Native organization is authorized
 22 to implement a federally approved tribal family assistance plan that includes that
 23 region and has been awarded a tribal energy assistance grant for a program that
 24 includes that region under 42 U.S.C. 8623(d).

25 * **Sec. 41.** AS 47.25.626(b) is amended to read:

26 (b) The department may award contracts to implement a program developed
 27 under (a) of this section. A contract authorized for delivery of home heating assistance
 28 under a regional Alaska heating [ASSISTANCE] program under this section is exempt
 29 from the competitive bid requirements of AS 36.30 (State Procurement Code). Subject
 30 to appropriation, a contract under this section must be in an amount that represents a
 31 fair and equitable share of the money appropriated for the Alaska **affordable** heating

1 [ASSISTANCE] program under AS 47.25.621 - 47.25.626 to serve the state residents
 2 specified in (a) of this section. The authority provided under this section to contract is
 3 in addition to the authority to contract in AS 47.05.015 or other law.

4 * **Sec. 42.** AS 47.25.626(f) is amended to read:

5 (f) If the department establishes a regional Alaska heating [ASSISTANCE]
 6 program and awards a contract to provide home heating assistance under this section,
 7 a person applying for home heating assistance under AS 47.25.621 - 47.25.626 in the
 8 region of the state covered by the regional Alaska heating [ASSISTANCE] program
 9 may obtain home heating assistance from the department only through the
 10 organization designated by the department to serve the region.

11 * **Sec. 43.** AS 43.20.046, enacted by sec. 20 of this Act and AS 43.98.040, enacted by sec.
 12 21 of this Act, are repealed January 1, 2018.

13 * **Sec. 44.** AS 44.42.067(d), enacted by sec. 23 of this Act, is repealed January 1, 2021.

14 * **Sec. 45.** AS 45.88.010(c), 45.88.030(c), 45.88.030(d), and 45.88.040(a) are repealed.

15 * **Sec. 46.** The uncodified law of the State of Alaska is amended by adding a new section to
 16 read:

17 OFFICE OF MANAGEMENT AND BUDGET. Not later than November 1, 2010, the
 18 Office of Management and Budget shall develop a standardized methodology to collect and
 19 store energy consumption and expense data as described in AS 37.07.040(12), as enacted by
 20 sec. 13 of this Act.

21 * **Sec. 47.** The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. Not later
 24 than one year after the effective date of this Act, the Department of Transportation and Public
 25 Facilities, in consultation with the Alaska Energy Authority, shall adopt and implement a
 26 systematic process for prioritizing the retrofitting of state facilities for a long-term increase in
 27 energy efficiency and reduction of energy costs.

28 * **Sec. 48.** The uncodified law of the State of Alaska is amended by adding a new section to
 29 read:

30 OFFICE OF THE GOVERNOR ENERGY REPORT. Not later than November 1,
 31 2010, the governor shall submit a report to the legislature providing recommendations for

1 how best to structure state energy programs and offices to increase the coordination and
2 efficiency of the state's efforts.

3 * **Sec. 49.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 **USE OF COMPRESSED NATURAL GAS TO POWER VEHICLES; PILOT**
6 **PROGRAM; STUDY; PROPOSAL; REPORT.** (a) The Department of Transportation and
7 Public Facilities shall, under the authority of AS 44.42.020(a)(3), study the feasibility of using
8 compressed natural gas to power vehicles in the state. The study must

9 (1) review existing government programs and incentives offered in Utah and
10 other North American jurisdictions that promote the use of compressed natural gas to power
11 vehicles;

12 (2) review and summarize relevant studies and investigations on existing
13 public policy incentives that encourage the use of compressed natural gas to power vehicles;

14 (3) evaluate the environmental benefits and technical merits of using
15 compressed natural gas to power vehicles;

16 (4) consider the economic, environmental, and technological advantages and
17 disadvantages of using and promoting the use of compressed natural gas to power vehicles in
18 the state; and

19 (5) if warranted by the findings of the study, set out a proposal for a pilot
20 program in the state to test the use of compressed natural gas to power vehicles owned or
21 operated by the state; the proposal must

22 (A) recommend the most cost-effective and appropriate departments
23 and geographic locations for a pilot program;

24 (B) detail how the pilot program, if successful, could be expanded to
25 provide for increased use of compressed natural gas to power vehicles owned or
26 operated by the state, as well as privately owned or operated vehicles;

27 (C) estimate the costs to the state of a pilot program in which the state
28 would purchase vehicles powered by compressed natural gas or convert existing
29 vehicles to be powered by compressed natural gas, including

30 (i) the costs of maintaining vehicles powered by compressed
31 natural gas and training maintenance personnel;

1 (ii) the costs of adapting, or encouraging the adapting of, state
2 vehicle fueling locations to provide compressed natural gas;

3 (iii) the costs of using compressed natural gas instead of diesel
4 fuel or gasoline;

5 (iv) the costs of expanding the pilot program or developing
6 additional pilot programs under (B) of this paragraph;

7 (v) other costs or savings that can be reasonably expected to
8 accompany the pilot program.

9 (b) The Department of Transportation and Public Facilities shall prepare a report
10 containing the results of the study under (a) of this section not later than December 1, 2010.
11 The department shall notify the legislature when the report is available.

12 * **Sec. 50.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 **BOND AUTHORIZATION AND PROVISIONS.** (a) In addition to the powers in
15 AS 18.56.090, the Alaska Housing Finance Corporation may issue bonds in an amount not to
16 exceed \$250,000,000 to make loans from the energy efficiency revolving loan fund
17 established by AS 18.56.855, enacted by sec. 10 of this Act, and to finance the purposes
18 permitted by AS 18.56.855, enacted by sec. 10 of this Act. AS 18.56.110 - 18.56.190 and
19 18.56.855, enacted by sec. 10 of this Act, apply to bonds issued under this section, except that
20 bonds issued under this section are not subject to, and may not be counted against, the bond
21 issuance limitation set out in AS 18.56.110(g).

22 (b) The Alaska Housing Finance Corporation shall deposit the proceeds of bonds
23 issued under (a) of this section in the Alaska energy efficiency revolving loan fund in
24 accordance with AS 18.56.855, enacted by sec. 10 of this Act.

25 * **Sec. 51.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 **EXHAUSTION OF UNUSED RENEWABLE ENERGY REFUNDABLE TAX**
28 **CREDITS.** Notwithstanding the repeal of AS 43.98.040 by sec. 43 of this Act, an unused
29 portion of a tax credit acquired under AS 43.98.040, enacted by sec. 21 of this Act, may be
30 carried forward until exhausted, except that the unused portion of the tax credit may not be
31 carried forward to tax years beginning after December 31, 2023.

1 * **Sec. 52.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 REVISOR'S INSTRUCTIONS. (a) The revisor of statutes is instructed to change the
4 heading of art. 6 of AS 18.56 from "Article 6. Energy Conservation" to "Article 6. Energy
5 Efficiency and Conservation Programs.

6 (b) The revisor of statutes is instructed to change the heading of art. 1 of AS 45.88
7 from "Alternative Energy Revolving Loan Fund" to "Alternative Energy Conservation
8 Revolving Loan Fund."