

Kodiak Island Borough April 2010 Legislative Report

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A Monthly Report

April 23, 2010

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Significant Issues

FY 2011 Passed Budgets: The FY 2011 operating and capital budgets passed by the legislature total over \$5.4 billion in general fund spending. The final version of the capital budget is about \$3.1 billion in general funds. Governor Parnell continues to signal his intent to reduce spending though use of the veto power. A deposit of about \$400 million into the Constitutional Budget Reserve (CBR) to repay past draws is in the FY 2010 supplemental.

Municipal Revenue Sharing Program: The approved FY 2011 budget includes \$60 million to replenish the Community Revenue Sharing Account. This step will provide the same funding level communities received in FY 2010.

K-12 Education Funding: The approved FY 2011 budget fully funds K-12 education, and makes a deposit of \$1.1 billion in the Public Education Fund to forward fund K-12 education for FY 2012. Automatic increases for FY 2011 for the Base Student Allocation and the area cost differential amount to an increase of about 5%.

House Bill No. 317, proposing further increases for the K-12 foundation formula starting in FY 2012, failed to reach the House floor.

Education GO Bonds: *House Bill No. 424, which proposes a general obligation bond package for education projects, passed on the last day of session. It includes \$20 million for the Kodiak Near Island Research Facility. If signed by the governor, the proposal would need to be approved by the voters in the upcoming general election.*

Municipal PERS/TRS Funding: The amount needed to meet the state's required obligations established under the PERS/TRS cost share plan adopted two years ago is included in the approved FY 2011 operating budget. The amount included is another \$357.6 million payment for PERS/TRS unfunded costs.

Federal Transportation Stimulus Funding - Round Two: Congress has not enacted more stimulus funding for transportation projects. There are no new projects included in the approved capital budget to accommodate this possibility.

FY 2011 Capital Budget: The approved FY 2011 capital budget (*SB 230*) includes significant legislative additions. A table is included at the end of this report describing all of the Kodiak Island projects included in the approved budget. **It also includes a deposit of \$50.25 million to the Renewable Energy Fund.**

Power Cost Equalization (PCE): The approved FY 2011 operating budget includes full funding for the PCE program.

Omnibus Energy Bill/State Energy Policy: *HB 305* and *HB 306* by the House Special Committee on Energy are major bills developed over the interim. *HB 305* is an omnibus energy bill addressing a wide range of energy initiatives, while *HB 306* proposes putting a state energy policy into statute. *SB 220*, by the Senate Resources Committee, addresses many of the same issues. *HB 306* and *SB 220* passed the legislature.

The omnibus bill contains numerous components, including creation of an energy efficiency revolving loan fund and an emerging technology fund. Another element is expansion of eligibility requirements for the Alaska Affordable Heating Program (formerly AKHAP). Several independent bills were rolled into the Alaska Sustainability Energy Act (*SB 220*) - including elements of *HB 196*, *HB 218*, *HB 296*, *SB 121*, *SB 150*, and *SB 212*. A summary of the bill can be found at the end of this report.

Oil Tax Changes: Both bodies pursued serious discussions about enacting changes to the state oil production tax. *SB 305* by the Senate Finance Committee addresses a perceived flaw in the current structure that links oil and natural gas prices. A problem occurs when oil prices are high and natural gas prices are relatively low, allowing low gas prices to drive down taxes on oil. Failure to make a change before May 1, 2010, could mean the existing structure is tied in for the next ten years. *SB 305* passed the legislature. It is possible that the bill will be vetoed.

University Land Grant: *HB 295* by the Governor proposes a transfer of about 200,000 acres to the University of Alaska to fulfill the long standing promise of completing the school's land entitlement. The prohibition in existing law against transferring the Kodiak Rocket Range remains in effect. This language was adopted in law as part of *HB 130* enacted in 2005. *SB 225* is a companion bill. Neither bill passed the legislature.

CZM Management Program: *SB 4* restores portions of the CZM program stripped out in the 2003 bill. *HB 74* is a companion bill. Neither bill passed, but both bills received serious attention near the end of session. This issue will be back in front of the legislature next year. The current program is scheduled to sunset in June 2011.

Constitutional Amendment - Increase

Number of Legislators: *SJR 21* by the Senate Community & Regional Affairs Community proposes a constitutional amendment to increase the number of legislators. The final version proposes an increase of 4 House members and 2 Senate members. *SJR 21* passed the legislature, which means the measure will be on the ballot in November. The intent behind the measure is avoid loss of rural seats and to keep these districts from becoming even larger than they are now.

Municipal "Gag Act" Ballot Initiative: There is an approved initiative on the August 2010 primary ballot to prohibit any political subdivision (including municipalities or school districts) from using any tax revenues to lobby. Municipalities could no longer perform this work through a contract or by use of an employee. Another section of the initiative proposes severe limitations on who can make campaign contributions. There are no new developments to report since last month.

Passed Legislation

This section describes legislation of interest that passed the legislature.

General Municipal Issues

Denali Commission Extension: *House Joint Resolution No. 46* by the House C&RA Committee requests Congress to extend the Denali Commission for another five years. This measure passed the legislature.

Municipal Property Tax Exemption: *HB 10* addresses mandatory exemptions for residences of certain widows or widowers, college property, and certain fraternal organizations. *HB 10* passed the legislature. The final version includes certain AIDEA assets and residences of law enforcement officers.

Alcohol - Local Option/Licensing/Minors: *HB 91/SB 85* by the governor strengthens existing local option limitations. Neither bill passed the legislature. *HB 98* by Rep. Jay Ramras (*R-Fairbanks*) did pass and was amended to include a provision to bring bootlegging penalties in line with DUI felony penalties.

Recovery Zone Bonds/Bond Bank Cap Increase: *House Bill No. 338* by the Governor proposes a number of provisions allowing AIDEA more flexibility related to recovery zone bonds. It also raises the bonding cap for the Alaska Municipal Bond Bank from \$750 million to \$1 billion. *Senate Bill No. 269* is a companion bill. The Senate version passed the legislature.

Education Issues

Legislative Task Force on Higher Ed/Merit Scholarship Program: *SB 221* creates a legislative advisory task force on higher education and career readiness. Membership in the 20 member group is very broad, with four legislators. *SB 221*, with substantial revisions, passed the legislature. Governor Parnell's proposed Alaska Merit Scholarship Program was added into the bill, with an effective date of July 2011. Funding was not provided for the program. *SB 221* does establish a second 15 person task force to address funding implementation of the new program.

Charter & Alternative School Funding: *SB 235* removes the restriction of no more than 60 charters school operating in the state at any one time, and creates a new facilities construction, lease, and major maintenance grant program for charter schools. *HB 382/HB 393* are companion bills. *SB 235* passed the legislature.

Tax Credits for Educational Contributions: *SB 236* proposes two changes to existing law. The bill expands the current law to allow tax credits for secondary level and vocational education facilities and increases the total credit allowed. *SB 236* passed the legislature. The final version allows a credit of 50% for the first \$100,000 of tax obligation, 100% for the next \$200,000, and 50% for any amount above \$300,000 with a total cap per corporation of \$5 million. These changes sunset in 2014.

School Construction Debt Reimbursement: *SB 237* extends the school construction debt reimbursement program indefinitely. The bill also establishes a new REAA school fund to provide construction funding. Another provision changes the matching ratio for major maintenance projects for certain districts. Kodiak's required matching rate drops from 30% to 20%. The provision is retroactive back two years. **If *SB 237* becomes law, Kodiak will receive about \$462,000 in additional reimbursement for the Schools Seismic Mitigation project funded in 2009.** *SB 237* passed the legislature.

Fisheries/Resource Issues

Fisheries Loans for Energy Efficiency: *HB 20* expands current law to allow commercial fishing loans for energy efficiency upgrades. *HB 20* passed the legislature. The passed version is focused on main engine replacements and generator upgrades.

Salmon Product Development Tax Credit: *HB 344* extends the existing salmon product development tax credit another four years from the end of 2011 to the end of 2015. *HB 344* passed the legislature. The final version of the bill was amended to include ice machines as an eligible investment.

Federal Funding for Domestic Seafood

Marketing: *HJR 43* requests Congress to allocate money from fishery product import tariffs for the domestic marketing of Alaska seafood. *SJR 27* is a companion measure. The Senate version passed the legislature.

Redefine Alaska's Time Zones: *HJR 34* requests the U.S. Secretary of Transportation to place Alaska into three time zones. The resolution specifically requests placing the entire Kodiak Island Borough into the Pacific standard time zone with Anchorage and all parts of the state east of 154 degrees West longitude. No action occurred on this proposal.

Constitutional Amendment: Annexations & Detachments: *HJR 41* proposes two changes to the Constitution. The first proposal changes the 45-day limit to the entire session for the legislature to disapprove a proposed LBC action. The second change requires approval by a majority of the voters within the affected area. No action was taken on this measure.

Eliminate Daylight Savings Time: *HB 19* would exempt the state and its political subdivisions from daylight savings time. The bill died in Senate Community & Regional Affairs.

Bicycle Program: *HB 132* authorizes municipalities to organize and encourage a bicycle use program. This bill died in House Finance.

Failed Legislation

The information below provides updated information regarding bills of interest that failed to pass the legislature.

General Municipal Issues

Facility Maintenance Fund: *HJR 23* by Rep. John Harris (*R-Valdez*) proposes a constitutional amendment to establish an endowed dedicated facility maintenance fund. *HJR 23* died in the House State Affairs Committee.

Traffic Control Devices: *HB 133* clarifies that statements in the Alaska Traffic Manual are not intended to set legal requirements for the installation of traffic control devices. No action occurred on the bill.

Open Meetings: Exception & Definition: *HB 153* exempts meetings by municipal boards, committees, and commissions from the Open Meetings Act if the meeting is solely to act on administrative or managerial matters. *HB 153* died in House Rules.

Alaska Transportation Infrastructure Fund:

HB 329 proposes the creation of a transportation infrastructure fund. *HJR 42* is a companion proposal to enact a constitutional amendment to re-establish a dedicated transportation infrastructure fund. The proposal includes motor fuel taxes and vehicle registration fees as revenue sources, and puts forth an allocation scheme by mode, with funds set aside for roads, aviation, the ferry system, harbor and marine facilities, local community transportation and local service roads and trails. ***HJR 42* passed the House by a 27 to 13 vote and made it as far as the Senate Finance Committee.** *HB 329* died in House Finance.

Municipal Motor Fuel Sales or Use Taxes:

HB 340 prohibits a municipality from charging a sales or use tax of more than 8 cents per gallon. A city within a borough can have its own tax subject to the limit of 8 cents. *HB 340* died in House Labor & Commerce.

Bypass Mail Rates: *SJR 12* requests the U.S. Postal Service to reduce the new postal rate increase on bypass mail in Alaska. No action occurred on this resolution.

Municipal Land Use Regulation: *SB 7* grandfathers existing uses and occupancies of real property that do not comply with changes made to municipal land use ordinances. No action occurred on this bill.

Complaints Against Police Officers/VPSOs:

SB 19 requires the Department of Public Safety to establish procedures for filing complaints against department peace officers and VPSOs. *SB 19* died in Senate Judiciary.

Repeal PERS/TRS Defined Contribution

Plans: *SB 23* repeals defined contribution retirements plans for PERS/TRS, and re-establishes defined benefit plans. *SB 23* died in Senate Finance.

Reemployment of Retirees: *SB 126* extends the sunset clause for the retired employee rehire program from July 1, 2009 to July 1, 2013. *HB 157* is a companion bill now in House Rules. Neither bill passed the legislature.

Residential Sprinkler Systems: *SB 129/HB 202* prohibits the state or a municipality from requiring a sprinkler fire protection system in a single-family home or a residential building with not more than two dwellings. Neither bill passed the legislature.

Regional Transit Authorities: *SB 152* provides state authorization for municipalities to create a regional transit authority. *SB 152* died in Senate Finance.

Water Access Easements: *SB 164* reduces the width for water access easements from 25 feet to 10 feet, and limits its use to pedestrian access. It also strengthens the notice to municipalities requirement in the case of a vacation or change. No action occurred on the bill.

Internet Access Authority & Task Force: *SB 175* establishes a new authority and task force to address Internet access limitations and problems across Alaska. No action occurred on this bill.

Municipal Property Tax Exemptions: *SB 201* increases the municipal property tax exemption for seniors and certain others from the first \$150,000 of property value to the first \$200,000 if the state fully funds reimbursement to all municipalities. *SB 232* increases the amount a municipality may exempt or exclude residential property from taxation from \$20,000 to \$50,000 for any one residence. *HB 404* and *SB 120* are companion bills. None of these bills passed the legislature.

Education Issues

Repeal BSA Increases: *HB 1* eliminates the automatic increases to the BSA of \$100 for each of the next two years. This bill died in its first committee of referral.

Class Size Reductions/Maximum Pupil-Teacher Ratios: *HB 23* proposes the creation of a grant program to encourage voluntary class size reductions. *HB 55* imposes a maximum pupil-teacher ratio in public schools. Both bills died in committee.

Compulsory School Attendance: *HB 33* increases the compulsory school age from 16 to 18 years of age. *SB 102* is a companion bill, which also addresses truancy issues. Both bills died in committee.

Pre-Elementary School Programs: *HB 59* requires the state to develop a statewide early education plan and guidelines. It also requires a statewide early childhood education rating system. *HB 69* allows school districts to provide a voluntary pre-elementary program. *SB 112 / SB 122* are companion bills. All of these bills died in committee.

Education Funding for Instruction: *HB 147* repeals the 70% minimum expenditure for instruction requirement for public schools. *HB 147* died in committee.

BSA Increases: A *Sponsor Substitute for HB 160* proposes an additional \$100 increase to the BSA for FY 2011 only. This bill died in House Education.

School Construction Funding: *HB 180* adjusts the current participating share for a municipal school district for a construction or major maintenance grant by adding another step of a 20% local share between the 10% and 30% rates in law. *HB 180* was rolled into *SB 237*.

Virtual Charter Schools: *HB 197* allows open enrollment by students around Alaska to learn in a particular charter school discipline. It allows a reduction in the minimum average daily membership (ADM) from 150 to 140 for these schools. *HB 197* died in House Education.

Career Assessments & Post-Secondary Courses for Secondary School Students: *HB 206* as reported out by the House Education Committee repeals the High School Qualifying Exit Exam replacing it with a basic competency test to 11th grade students. The controversial 80-day student ADM count provision was dropped. *HB 206* died in House Finance.

Parental Involvement in Schools: *HB 285* proposes to improve parental involvement in school through employment of parental involvement coordinators. No action occurred on the bill.

K-12 Education Funding: *HB 317* proposes further increases to the K-12 foundation formula for an additional three years starting in FY 2012. The *CS for HB 317* adds a small increase to the special needs funding factor and increases the BSA by \$125 for FY 2012 & FY 2013. *HB 317* died in House Rules.

Leave for Military Spouses: *HB 347* authorizes certain teachers, public employees and private sector employees to take leave without pay when their spouses are on leave from deployment in a combat zone. This bill died in House Education.

Public School Funding: *HB 350* proposes to lower the required local contribution for public school funding from the equivalent of a 4 mill tax levy to 2.7 mill tax levy. The rate for districts established after July 1, 1998 changes from 2 mills to 1.35 mills. *HB 350* died in House Finance.

Repeal Secondary School Exit Exams: *SB 109* proposes the repeal of the state's secondary school exit exam requirements. This bill died in Senate Finance.

Public Education of Homeless Students: *SB 28* requires a school district to comply with the federal McKinney-Vento Homeless Education Assistance Improvement Act. *HB 126* and *SB 105* address the secondary public education of a homeless student and foster care assistance issues. Only the foster care provisions of *HB 126* passed the legislature.

School Lunch Program: *SB 213* requires the state to fund a school lunch and breakfast program. *SB 213* died in House Finance.

Fisheries/Resource Issues

Groundfish Fisheries Licenses: *HJR 21* requests the North Pacific Fisheries Management Council to cease consideration of the requirement of a pacific cod endorsement to participate in the Gulf cod fisheries. *HJR 21* died in Senate Rules.

Mining Production, License Taxes & Royalties: *HB 40* re-writes the state's existing mining tax structure. The bill increases the state's financial return on its mineral resources through a combination of adjustments. This bill does not address issues related to severance taxes. *HB 40* died in House Resources.

Board of Fisheries (BOF) Conflict of Interest: *HB 41* permits members of the BOF to participate in discussions, but not vote on matters involving a direct financial interest so long as that interest has been disclosed. This bill died in House Resources.

Mixing Zones: *HB 46* prohibits pollutant mixing zones in any spawning waters. There is a concern the bill may make it difficult for municipalities or villages to permit new or expanded wastewater treatment plants. This bill died in House Fisheries.

Interest Forgiven on Certain Loans: *HB 96* allows forgiveness on certain state loans secured by a lien placed on potential receipts from the Exxon Valdez oil spill litigation. No action occurred on this bill.

Board of Fisheries Meeting Location: *HB 117* requires the BOF hold a meeting in a particular regional area of the state if the only topic under consideration relates to that region. *HB 117* died in House Fisheries.

Land Management: Hunting/Fishing/Trapping: *HB 183* proposes a management scheme to prevent, to the greatest extent practical, any net loss of acreage available for sport, subsistence and commercial fishing, sport and subsistence hunting, and trapping opportunities. The bill requires annual reports by the Departments of Fish & Game and Natural Resources. *HB 183* died in House Fisheries.

Seafood Marketing Contracts: *HB 211* proposes retention of a single, qualified marketing organization for seafood marketing. The contract can only be awarded if this entity provides a match of at least 30%. The match requirement increase to 50% on July 1, 2012. *HB 211* died in House Fisheries.

Personal Use Fisheries Priority: *HB 266* proposes to give priority to all personal use fisheries when the harvest of a stock or species is limited to achieve an escapement goal. The stated intent is to protect subsistence. However, it is unclear whether the language accomplishes that goal. *HB 266* died in House Fisheries.

Commercial Fishing Loan Act: *HB 389* allows the state to give Commercial Fishing Loan Fund borrowers a reduction in the interest rate on their loans if 50% of the loan is spent on a product produced or manufactured in Alaska. *HB 389* died in House Labor & Commerce.

Tribal Seats on North Pacific Fisheries

Council: *SJR 29* requests Congress to create four new voting seats on the North Pacific Fishery Management Council for members of federally approved tribes or other Alaska Native organizations who are not employed by a community development quota program or the pollock industry. *SJR 29* died in Senate Resources.

BOF Membership: *SB 268* proposes a new structure with three members who represent commercial fishing interests, three members who represent sport fishing interests, and one member who represents subsistence interests. The bill died in Senate Resources.

Energy Issues

Net Energy Metering: *HB 31* and *HB 66* establishes requirements to provide net energy metering by certain retail suppliers of electricity. The purpose of these bills is to promote more use of alternative energy by individual residential and commercial users. *SB 131* is a companion bill. These bills died in committee.

Energy Bonds/Investments: *HB 44* authorizes the Alaska Housing Finance Committee \$100 million in bonding authorization for alternative energy and energy infrastructure development. *HB 44* died in Senate Resources.

Alternative Energy Loan Fund Change: *HB 196* by the House Energy Committee adds high efficiency wood pellet stoves to the definition of qualifying alternative energy systems. This bill died in House Finance, though elements were added into *SB 220*.

Creating Department of Energy: *HB 218* establishes a Department of Energy to consolidate all state energy programs in one agency. The bill transfers the Alaska Energy Authority and the home energy and weatherization program. *SB 185* is a companion bill. Both bills died in committee, though a provision requiring a study of this proposal was included in *SB 220*.

Renewable Energy Grant Requirements: *HB 219* by the House Special Committee on Energy creates new requirements for this program, including a provision that projects are likely to have a financial benefit that exceeds the amount of grant funds received. *SB 186* is a companion bill. Both bills died in committee, though elements of the bill were added into *SB 220*.

Energy Efficient Home Grant Fund: *HB 278* allows homeowners who qualify for the home energy rebate program to get a voucher that will assure the state will make payments as soon as the efficiency improvements are made. *HB 278* died in House Energy.

Energy Efficiency Bonds/Loan Fund: *HB 296* proposes a new energy efficiency revolving loan fund and authorizes municipalities to borrow money from the new fund. *SB 223* is a companion bill. The proposal is take \$18 million from ARRA money and allow AHFC to issue \$250 million in bonds to finance needed energy efficiency improvements. This proposal was rolled into *SB 220*.

Renewable Energy Tax Credits: *SB 31* provides a production tax credit against the Alaska Net Income Tax for commercial production using a renewable energy source. *SB 31* died in Senate Finance.

Emergency Energy Relief Program: *SB 91* proposes the creation of an emergency energy relief program under the management of the Alaska Energy Authority. This bill died in Senate Resources.

Rural Energy Assistance Program: *SB 115* establishes a new rural energy assistance program. *SB 115* died in Senate Finance.

Emerging Energy Technology Fund: *SB 150* proposes a new emerging energy technology fund to be administered by the Alaska Center for Energy and Power at the University of Alaska. *SB 150* was rolled into *SB 220*.

Heating Fuel Energy Relief: *SB 162* creates a program for heating fuel assistance to customers if crude oil exceeds \$75 a barrel. This bill died in committee.

Statewide Energy & Plumbing Codes: *SB 167* by the Senate Resources Committee proposes amending the statewide building and plumbing codes to increase the energy requirements. This bill died in committee.

Municipal Energy Improvements Program: *SB 212* allows municipalities to establish special financing programs to support local energy efficiency improvements. Portions of this bill were rolled into *SB 220*.

AML Website

The Alaska Municipal League maintains a database on legislation of interest to local municipalities. This material can be accessed at <http://www.akml.org/>. Lists are maintained in four categories. A weekly AML Legislative E-Bulletin is also available. It can be found at the same link. Please let me know if anyone needs help in accessing this information, or wants me to fax a hard copy.

Kodiak Island Borough

Capital Projects of Interest

Passed Capital Budget (SB 230)/GO Bonds Bill (HB 424)

Department of Commerce, Community & Economic Development

Kodiak Regional Aquaculture Association	\$500,000 (General Fund)
Kodiak Launch Complex Sustainability	\$4,000,000 (General Fund)
Kodiak - Public Safety Building/Community Jail Completion	\$2,100,000 (General Fund)
Old Harbor - City Dock Reconstruction	\$3,100,000 (General Fund)
Ouzinkie - Alternative Wind Energy Generation - Phase I Data Collection	\$10,000 (General Fund)
Ouzinkie - Replace Dock/Economic Develop Project & Water Main Replace	\$5,100,000 (General Fund)
Port Lions - City Dock & Ferry Terminal Repairs & Replacement	\$1,000,000 (General Fund)
Port Lions - Refurbishment of the Port Lions Causeway	\$75,000 (General Fund)
Kodiak Historical Society - Phase III Baranof Museum Refurbishment	\$72,000 (General Fund)
Kodiak Island Sportsman's Association - Indoor Shooting Range Upgrade	\$91,000 (General Fund)
Kodiak Women's Resource & Crisis Center - Security Fence Replacement	\$13,000 (General Fund)
Senior Citizens of Kodiak, Inc. - Fire Sprinkler System Replacement	\$118,200 (General Fund)

Water and Wastewater Infrastructure Projects

Kodiak: Aleutian Homes Water & Sewer Replacement, Phase 3	\$2,781,000 (Other Funds)
Kodiak: Ultraviolet Secondary Water Treatment Facility	\$3,988,275 (Other Funds)

Department of Fish & Game

F&G Warehouse/Compound Upgrades	\$650,000 (General Fund)
Near Island Research Facility	\$20,000,000 (GO Bonds)

Department of Transportation & Public Facilities

Kodiak: Flood Emergency Repairs	\$500,000 (General Fund)
Kodiak: Rezanof Drive Resurfacing	\$5,000,000 (Federal)
Kodiak: Airport Improvements (Runway Safety Areas)	\$36,000,000 (Federal)

ALASKA STATE LEGISLATURE

Senate Resources Committee

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FOR IMMEDIATE RELEASE: April 18, 2010

Omnibus Energy Bill Passes Legislature

Sunday, April 18, 2010, Juneau – The House unanimously passed Senate Bill 220 today, the *Alaska Sustainable Energy Act*, paving the way for lower energy costs, greater energy efficiency, and increased use of renewable energy in Alaska. The bill now goes to Governor Parnell for his signature.

“I’m thrilled that the legislature came together to pass such substantial and important energy legislation,” said Senator Bill Wielechowski, D-Anchorage, co-chair of the Resources Committee.

“This bill will help Alaskan families, businesses, schools, and communities to cut their energy costs and find more sustainable ways of meeting their energy needs. It lays the foundation for Alaska to become a global leader in renewable energy and energy efficiency, and tasks the state with leading by example.”

“Alaskans want to live and work where energy is available, reliable and affordable and with SB 220, Alaska takes a big step forward,” said Senator Lesil McGuire, co-chair of the Resources Committee and chair of the Senate Special Committee on Energy. “Energy is the keystone of our economy and SB 220 will drive innovation and high-tech investment in Alaska. That’s why we drafted the *Alaska Sustainable Energy Act* -- to provide the tools Alaska needs to move towards a more competitive and sustainable future.”

The *Alaska Sustainable Energy Act* includes a broad range of policy tools designed to attract investment in Alaska’s energy sector and stimulate the economy. They include:

- **Energy Efficiency Revolving Loan Fund:** Senate Bill 220 creates a revolving loan program to fund energy efficiency improvements in public buildings. School districts, municipalities, state government, and the University of Alaska will have access to low-interest loans to upgrade their facilities. Based on observations of the State’s *Weatherization* and *Home Energy Rebate* programs, this fund could foster 1,500 to 2,000 jobs in the construction industry in Alaska. SB 220 authorizes the Alaska Housing Finance Corporation to issue \$250 million in bonds to capitalize this critical new loan fund.
- **Help for Alaskan Families When Fuel Prices Soar:** SB 220 links benefits from the state’s Heating Assistance Program to the price of oil, providing additional assistance to low-income

families when fuel prices are high, Alaskans need help the most, and the state enjoys a significant surplus. This program is a supplement to the federal Low-Income Heating Assistance Program.

- **Loans for Alaskan Businesses:** SB 220 revitalizes the old Alternative Energy Loan Program within the Department of Commerce and Economic Development. The new program would provide loans up to \$50,000 to businesses for energy efficiency and alternative energy upgrades.
- **Nuclear Energy:** SB 220 levels the playing field for nuclear energy projects in Alaska, ensuring that as new technologies are developed, Alaska can consider them alongside other options. It also enables proponents of small-scale nuclear energy projects to apply for funding from the state's Power Project Fund.
- **Educating Alaskans on Low-Cost Ways to Save Energy:** SB 220 provides new authority to the Alaska Energy Authority to promote energy conservation, energy efficiency, and alternative energy through training and public education. The Authority plans to kick off a public education campaign in the coming year.
- **Southeast Energy Fund:** SB 220 expands the purposes for which this fund may be used, providing an improved mechanism for constructing generation and transmission projects in Southeast Alaska. Many communities in the region are still powered by high-cost diesel systems, despite the region's enormous hydropower potential.
- **Emerging Energy Technology Fund:** With the high cost of energy in many of our communities, Alaska provides a unique opportunity for innovation. The *Alaska Sustainable Energy Act* would create a fund that would provide grants for testing energy technologies in Alaska. This fund would foster innovation and enable Alaskans to develop solutions to our energy challenges; create high-tech jobs and spur investment in our economy.
- **Leading by Example:** SB 220 requires the state to retrofit at least 25% of the largest state buildings by 2020 to reduce energy costs. The Department of Transportation and Public facilities has already begun to upgrade those buildings most in need. While annual saving for the first 8 buildings was expected to be \$278,000 a year, savings have averaged \$497,000, making this new requirement a significant money-saver for the state.
- **Coordinate and Consolidate State Energy Programs:** SB 220 tasks the Governor with evaluating how best to coordinate the State's energy departments and programs in order to avoid duplication of efforts. The Governor is directed to provide a plan to the legislature by January of 2011.

Senators McGuire and Wielechowski thanked their counterparts on the House Energy Committee, Co-chairs Bryce Edgmon and Charisse Millett, for crafting a complementary state energy policy. "Their vision and commitment to proving more affordable and sustainable energy for Alaskans help to lead the way for us all," the co-chairs said.

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