

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1433 S HB	<b>Title:</b> Energy labeling/residential
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Licensing	0	0	0	0	0	240,000	0	0	98,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>240,000</b>	<b>0</b>	<b>0</b>	<b>98,000</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.3	77,511	77,511	77,511	.0	0	0	0	.0	0	0	0
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Licensing	.6	0	0	166,000	.5	0	0	415,000	.5	0	0	102,000
<b>Total \$</b>	<b>0.9</b>	<b>77,511</b>	<b>77,511</b>	<b>243,511</b>	<b>0.5</b>	<b>0</b>	<b>0</b>	<b>415,000</b>	<b>0.5</b>	<b>0</b>	<b>0</b>	<b>102,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Gwen Stamey, OFM	<b>Phone:</b> (360) 790-1166	<b>Date Published:</b> Final 2/ 9/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1433 S HB	<b>Title:</b> Energy labeling/residential	<b>Agency:</b> 103-Department of Commerce
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.0	0.3	0.0	0.0
<b>Account</b>					
General Fund-State      001-1	77,511	0	77,511	0	0
<b>Total \$</b>	77,511	0	77,511	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Robert Hatfield	Phone: 360-786-7117	Date: 02/02/2023
Agency Preparation: Dan Nguyen	Phone: (206) 454-2207	Date: 02/08/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 02/08/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/09/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Differences between the SHB 1433 and the original bill:

New Section 2(1)(a) changes the date from December 31, 2023 to June 30, 2024 for adopting the rule.

Section 2(5) replaces the rule requirements for home energy assessors who are certified from under sections 3 through 15 of this act to chapter 18.--- RCW, the new chapter created in section 15 of this act.

There are no differences between the substitute house bill and the original house bill that affect the fiscal impact to the Department of Commerce (department).

Summary of SHB 1433:

Section 2(1)(a) a new section is added to chapter 19.27A RCW requiring the department to adopt by rule the asset-based home energy score developed by the United States Department of Energy by June 30, 2024.

Section 2(5) states that the department may adopt by rule requirements under which certified home energy assessors must report to the department the home energy performance scores assigned by the home energy assessors. The department must keep and maintain a database of home energy information reported to the department under this subsection.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

General Assumptions:

The bill requires the department to adopt by rule the asset-based home energy score developed by the United States Department of Energy by June 30, 2024. The bill also states that the department may adopt by rule requirements under which certified home energy assessors must report to the department home energy performance scores. The department assumes few local jurisdictions will voluntarily report home energy information to the department therefore a new database capacity will not be required to house this information.

To complete this work the department estimates the following will be needed in FY24:

0.30 FTE EMS2 Energy Policy Specialist (625 hours) in FY24 focused primarily on rulemaking and provide expert policy advice and lead development of rulemaking effort.

1.0 FTE Administrative Assistant 3 (216 hours) in FY24 to provide administrative support to staff.

Salaries and Benefits

FY24: \$55,422

Goods and Services, Equipment and Travel  
 FY24: \$3,855

Intra-Agency Reimbursements  
 FY24: \$18,234

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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 Total Estimated Costs  
 FY24: \$77,511

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	77,511	0	77,511	0	0
<b>Total \$</b>			77,511	0	77,511	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5		0.3		
A-Salaries and Wages	42,114		42,114		
B-Employee Benefits	13,308		13,308		
C-Professional Service Contracts					
E-Goods and Other Services	3,855		3,855		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	18,234		18,234		
9-					
<b>Total \$</b>	77,511	0	77,511	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Assistant 3	52,616	0.1		0.1		
Administrative Services - Indirect	111,168	0.1		0.1		
EMS Band 2	122,841	0.3		0.2		
<b>Total FTEs</b>		0.5		0.3		0.0

**III. D - Expenditures By Program (optional)**

NONE

## **Part IV: Capital Budget Impact**

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### **IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

New Section 2(1)(a) requires the Department of Commerce to adopt by rule the asset-based home energy score developed by the United States Department of Energy by June 30, 2024.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1433 S HB	<b>Title:</b> Energy labeling/residential	<b>Agency:</b> 240-Department of Licensing
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Business and Professions Account-State 06L-1				240,000	98,000
<b>Total \$</b>				240,000	98,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.1	0.6	0.5	0.5
<b>Account</b>					
Business and Professions Account-State 06L-1	0	166,000	166,000	415,000	102,000
<b>Total \$</b>	0	166,000	166,000	415,000	102,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Robert Hatfield	Phone: 360-786-7117	Date: 02/02/2023
Agency Preparation: Deb Williams	Phone: 360-902-0015	Date: 02/08/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 02/08/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/08/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached fiscal note

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached fiscal note

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached fiscal note

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
06L-1	Business and Professions Account	State	0	166,000	166,000	415,000	102,000
<b>Total \$</b>			0	166,000	166,000	415,000	102,000

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.1	0.6	0.5	0.5
A-Salaries and Wages		88,000	88,000	46,000	46,000
B-Employee Benefits		31,000	31,000	22,000	22,000
C-Professional Service Contracts					
E-Goods and Other Services		47,000	47,000	347,000	34,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	166,000	166,000	415,000	102,000

### III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Customer Service Specialist 2	46,980		0.1	0.1	0.5	0.5
Management Analyst 4	82,896		1.0	0.5		
<b>Total FTEs</b>			1.1	0.6	0.5	0.5



**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

See attached fiscal note

### Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SHB 1433

Bill Title: Residential Home Energy Labeling

**Part 1: Estimates**

No Fiscal Impact

**Estimated Cash Receipts:**

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	-	-	-	240,000	98,000
<b>Account Totals</b>		-	-	-	<b>240,000</b>	<b>98,000</b>

**Estimated Expenditures:**

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		-	1.1	0.6	0.5	0.5
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	-	166,000	166,000	415,000	102,000
<b>Account Totals</b>		-	<b>166,000</b>	<b>166,000</b>	<b>415,000</b>	<b>102,000</b>

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions.

- If the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- If fiscal impact is **greater than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Robert Hatfield	Phone: (360) 786-7117	Date: 1/17/23
Agency Preparation: Deborah Williams	Phone: (360) 634-5083	Date: 2/6/23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date:

Request #	1
Bill #	

**Part 2 – Explanation**

**2.A – Brief Description Of What The Measure Does That Has Fiscal Impact**

This bill requires DOL to begin licensing a new profession, home energy assessors, who will be responsible for providing energy labels for existing residential buildings.

This bill will have the following impacts on DOL:

- Adopt rules and establish procedures to license home energy assessors in conjunction with the Department of Commerce by June 30, 2025.
- DOL must begin issuing these licenses by July 1, 2025.
- Work with the Home Inspector Advisory Board to establish qualifications for licensing applicants, training methods, and standards of practice.
- Conduct necessary system changes to allow for licensing a new profession.
- Establish license fees.

**2.B - Cash receipts Impact**

Revenue impact is dependent of the number of licenses issued as well as the number of renewals. DOL is assuming that 700 licenses are the initial number, and an ongoing 100 new licenses per year. Renewals begin in fiscal year 2028 per the two-year requirement. Renewals start at 500 and are reduced to 100 per year in ongoing years. The fee is estimated to be \$300 for new licenses and \$500 for renewing licenses. This amount is dependent on the number of licenses and the cost of establishing and running the program and is subject to change.

		FY24	FY25	FY26	FY27	FY28	FY29
New licenses							
	Count	-	-	700	100	100	100
	Revenue	\$ -	\$ -	\$ 210,000	\$ 30,000	\$ 30,000	\$ 30,000
Renewal License							
	Count			0	0	500	250
	Revenue			\$ -	\$ -	\$ 25,000	\$ 12,500
Total Revenue		\$ -	\$ -	\$ 210,000	\$ 30,000	\$ 55,000	\$ 42,500

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	-	-	-	240,000	98,000
<b>Account Totals</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>240,000</b>	<b>98,000</b>

## **2.C – Expenditures**

The Department of Licensing makes the following assumptions regarding this bill and its fiscal impact.

- DOL is not approving courses for this license.
- Minimum qualifications approved by the Home Inspector Advisory Licensing Board do not require exams or continuing education.
- No profession-specific questions on application.
- Fingerprints are not required for licensure.
- No bonds/financial guarantee required.
- No new reports
- Enforcement and compliance will be governed by the uniform regulation of business and professions act, defined by RCW 18.235.
- DOL will begin issuing licenses for home energy assessors on July 1, 2025.
- Home Energy Assessors are required to obtain a license by March 1, 2026.

A partial FTE for a Customer Service Specialist (CSS 2) is required. The initial requirement assumes licenses will be issued starting July 1, 2025. The ongoing requirement is for 0.5 FTE to support the Home Energy Assessors license.

CSS2 duties will include:

- Evaluating and processing both paper and electronic applications for licenses and renewals for eligibility.
- Providing customer assistance to licensees and public, via telephone, and email regarding general licensing questions, procedures for licensing, how to access services and online systems and customer guidance on license profession laws, rules, and agency policies.

One Management Analyst 4 (MA4) will

- Coordinate and conduct rulemaking to implement new licensing program
- Support stakeholder outreach
- Create reports and establish reporting relationship with the Department of Revenue
- Assist with process and policy development

for a 12-month project starting on July 1, 2024.

### **Information Services:**

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could influence other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Information Services will implement the following:

- Update scanners to route paper applications to system.
- Add a new profession to software systems.
- Create the ability for applicants to submit applications for new, reciprocity, renewal, and reinstatement applications.
- Update the software system to allow staff to process applications and issue licenses for Home Energy Assessor.
- Add a new profession to standard notifications.
- Create the ability for licensees to submit Account Maintenance Requests (AMR).

Cost Category	Description	Rate	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	-	-	47,500	-	-	-	47,500
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	-	-	9,900	-	-	-	9,900
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	-	-	14,400	-	-	-	14,400
QUALITY ASSURANCE	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	\$ 37,410	-	-	67,300	-	-	-	67,300
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	-	-	5,000	-	-	-	5,000
DEVELOPERS	Modify programming and coding to all major systems	\$ 19,140	-	-	1,900	-	-	-	1,900
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	-	-	13,600	-	-	-	13,600
Organizational Change Management	Prepares stakeholders for the change and develops strategies to ensure the changes are fully adopted.	\$ 37,410	-	-	67,300	-	-	-	67,300
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	-	-	22,700	-	-	-	22,700
<b>Totals</b>			-	-	<b>249,600</b>	-	-	-	<b>249,600</b>

### Support Services:

Agency Administrative Overhead is included at a rate of 23.4 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

### Part 3 – Expenditure Detail

**3.A – Operating Budget Expenditures**

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	-	166,000	166,000	415,000	102,000
<b>Account Totals</b>		<b>-</b>	<b>166,000</b>	<b>166,000</b>	<b>415,000</b>	<b>102,000</b>

**3.B – Expenditures by Object or Purpose**

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years	0.0	1.1	0.6	0.5	0.5
Salaries and Wages	-	88,000	88,000	46,000	46,000
Employee Benefits	-	31,000	31,000	22,000	22,000
Goods and Services	-	47,000	47,000	347,000	34,000
<b>Total By Object Type</b>	<b>-</b>	<b>166,000</b>	<b>166,000</b>	<b>415,000</b>	<b>102,000</b>

**3.C – FTE Detail**

Staffing	Salary	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Customer Service Specialist 2	46,980	0.0	0.1	0.1	0.5	0.5
Management Analyst 4	82,896	0.0	1.0	0.5	0.0	0.0
<b>Total FTE</b>		<b>0.0</b>	<b>1.1</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>

**Part 4 – Capital Budget Impact**

None.

**Part 5 – New Rule Making Required**

A new rule or revisions to the following rules are required.

Chapter 308-408 WAC: Definitions

Chapter 308-408A WAC: Licensing

Chapter 308-408B WAC: Education—Home Inspector Course Approval

Chapter 308-408C WAC: Standards of practice

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 1433 S HB

**Title:** Energy labeling/residential

## **Part I: Jurisdiction**-Location, type or status of political subdivision defines range of fiscal impacts.

### **Legislation Impacts:**

- Cities: Cities that choose to administer home energy score programs.
- Counties: Counties that choose to administer home energy score programs.
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

## **Part II: Estimates**

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Cities and counties have the option to promote or administer home energy score programs
- Key variables cannot be estimated with certainty at this time: How many local governments would adopt the local option.

### **Estimated revenue impacts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### **Estimated expenditure impacts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

## **Part III: Preparation and Approval**

Fiscal Note Analyst: Chelsea Mickel	Phone: 518-727-3478	Date: 02/08/2023
Leg. Committee Contact: Robert Hatfield	Phone: 360-786-7117	Date: 02/02/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/08/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/09/2023

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This bill concerns energy score labeling for residential buildings.

#### **CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

The deadline for the Department of Commerce (Commerce) to adopt rules for the Home Energy Score system is extended from December 31, 2023, to June 30, 2024.

The deadline for the Department of Licensing (DOL) to adopt rules for the licensing of home energy assessors is extended from December 31, 2023, to June 30, 2025.

The deadline for the DOL to begin issuing licenses to home energy assessors is extended from January 1, 2024, to July 1, 2025.

The date by which this bill prohibits a person from engaging in, conducting business, advertising, or presenting themselves as a home energy assessor without first obtaining a license is extended from September 1, 2024, to March 1, 2026.

A provision is added to specify that Commerce's authority to receive Home Energy Scores does not allow for the reporting of individual addresses of residential structures or the names of individual homeowners, but does allow for the reporting of information regarding the jurisdiction in which a residential structure is located and the utility services provided to the residential structure, any specific energy efficiency features of the residential structure, and other information that allows the department to make an aggregated evaluation of energy savings attributable to energy efficiency.

A provision is added that requires any fees collected under the home energy assessor licensing program to be deposited into the Business and Professions Account in the state treasury.

#### **SUMMARY OF CURRENT BILL:**

By June 30, 2024, Commerce must adopt by rule the asset-based Home Energy Score developed by the United States Department of Energy as the primary home energy performance scoring system by which a person may evaluate the energy efficiency and relative greenhouse gas emissions of the building.

By June 30, 2025, the DOL, in cooperation with Commerce, must adopt rules and establish procedures for the licensing of home energy assessors that will be conducting home energy assessments.

This bill authorizes the DOL to adopt rules and implement a program for the licensing of home energy assessors. Starting July 1, 2025, the director of the DOL must begin issuing licenses for home energy assessors. Beginning March 1, 2026, a person is prohibited from engaging in, conducting business, advertising, or holding himself or herself out as a home energy assessor without first obtaining a license.

In order to become licensed as a home energy assessor, an applicant must submit an application, proof of training approved by the board, and a fee set in the amount determined by the DOL. Licenses issued under the home energy assessor licensing program are valid for a period of two years and expire on the applicant's second birthday following issuance of the license. All fees collected under the licensing program, as well as fines and penalties collected or assessed by a court due to a violation of the licensing program, must be remitted to the DOL to be deposited into the Business and Professions Account.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*



## CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

This legislation would not result in additional expenditure impacts to local governments.

## EXPENDITURE IMPACTS OF CURRENT BILL:

This bill has indeterminate expenditure impacts on local governments.

This bill presents a local option for cities and counties to promote or administer home energy score programs, but are not required to do so. It does not prohibit local governments from requiring a home energy score at the time a residential building is advertised for sale. It is unknown how many jurisdiction will choose to promote or administer home energy score programs, or how much it would cost.

## BACKGROUND:

Seattle City Light does not administer its own energy score program, but it provides materials for Do-It-Yourself Energy Audits, and offers rebates for energy efficient appliances and heat pumps. Seattle City Light's website also provides information to homeowners and renter on how to make their residences more energy-efficient.

The Master Builders Association, in partnership with King County and Snohomish County, created Built Green, a residential green building program. Built Green provides consumers and building professionals with a streamlined rating system to quantify best practices in energy performance for residential building and remodeling. Built Green-certified homes are scored based on the following considerations; site and water protection, energy efficiency, health and air quality, materials efficiency and environmentally responsible home ownership. The Built Green scoring system classifies homes as a three, four or five-star energy efficiency projects, and includes a verification and certification process through the Master Builders Association of King and Snohomish Counties. Built Green's website publishes resources materials such as case studies and a toolkit for zero-carbon residential construction. King County's website also provides information on LEED for Homes, a voluntary rating system developed and certified through the US Green Building Council (USGBC) that promotes the construction of high-performance, energy-efficient homes.

The City of Bend, Oregon adopted a Home Energy Score Program as part of their Climate Community Action Plan. Program details are available on the city's website, and their rating system is compliance with the DOE's energy performance scoring system. Assessor certifications are administered through the Oregon Department of Energy's Home Energy Score Program, effective July 1, 2023, and includes a directory of approved assessors certified by the state. Since this bill gives local governments the option of administering and promoting energy score programs, and it is unknown how many jurisdictions would adopt the local option, and thus the expenditure impacts are indeterminate.

## C. SUMMARY OF REVENUE IMPACTS

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

## CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

This legislation would not result in additional revenue impacts to local governments.

The bill states that fees collected as a result of the assessor licensing program must be deposited into the Business and Professions Account in the state treasury. In the original bill, fees would also be collected by the state via the DOL, so this change does not impact local governments revenues.

## REVENUE IMPACTS OF CURRENT BILL:

This bill has indeterminate revenue impacts on local governments.

The bill does not specify potential revenue streams for cities or counties that adopt the proposed local option. In Oregon, which operates a home energy score program, if a homeowner does not come into compliance with program requirements after an initial warning and 15-day grace period, the violation is reported to code enforcement and treated as a code violation. The homeowner may then be subject to penalties and fees as determined by the code violation process. Local governments who choose to adopt this local option may issue fees for residents who do not comply with energy score

program requirements. King County and Snohomish County's Built Green program is voluntary, and there are no violations or related fees to generate revenue based on a home's energy efficiency performance. Since this bill represents a local option, and it is unknown how many local governments would choose to administer energy score programs, or if they would impose noncompliance fees to offset the costs of administration, the revenue impacts would be indeterminate.

#### SOURCES

Built Green

City of Bend, Oregon

Department of Commerce

Local Government Fiscal Note, HB 1433 (2023)

House Bill Analysis, HB 1433, Environment & Energy Committee (2023)

House Substitute Bill Report, SHB 1433, Environment & Energy Committee (2023)

King County

Master Builders Association of King and Snohomish Counties

Oregon Department of Energy

Revised Code of Washington, RCW 43.24.150

Seattle City Light