

Multiple Agency Fiscal Note Summary

Bill Number: 1433 2S HB	Title: 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	102,000	0	0	102,000
Total \$	0	0	0	0	0	102,000	0	0	102,000

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	480,000	480,000	480,000	.5	0	0	102,000	.5	0	0	102,000
Total \$	0.9	557,511	557,511	557,511	0.5	0	0	102,000	0.5	0	0	102,000

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
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

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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Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final 2/28/2023
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Individual State Agency Fiscal Note

Revised

Bill Number: 1433 2S HB	Title: Energy labeling/residential	Agency: 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
Account					
General Fund-State 001-1	77,511	0	77,511	0	0
Total \$	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: Emily Stephens	Phone: 360-786-7157	Date: 02/22/2023
Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 02/24/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 02/24/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/27/2023

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 2SHB 1433 and SHB 1433:

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

Summary of 2SHB 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.

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

Salaries and Benefits

FY24: \$55,422

Goods and Services:

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
Total \$			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-					
Total \$	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		
Total FTEs		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

Bill Number: 1433 2S HB	Title: Energy labeling/residential	Agency: 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				102,000	102,000
Total \$				102,000	102,000

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
Account					
General Fund-State 001-1	0	480,000	480,000	0	0
Business and Professions Account-State 06L-1	0	0	0	102,000	102,000
Total \$	0	480,000	480,000	102,000	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: Emily Stephens	Phone: 360-786-7157	Date: 02/22/2023
Agency Preparation: Deb Williams	Phone: 360-902-0015	Date: 02/28/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 02/28/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/28/2023

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.

Please 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.

Please 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.

Please 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
001-1	General Fund	State	0	480,000	480,000	0	0
06L-1	Business and Professions Account	State	0	0	0	102,000	102,000
Total \$			0	480,000	480,000	102,000	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		361,000	361,000	34,000	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-					
Total \$	0	480,000	480,000	102,000	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		
Total FTEs			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.

Please see attached fiscal note.

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: 2SHB 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	-	-	-	102,000	102,000
Account Totals		-	-	-	102,000	102,000

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
General Fund	001	-	480,000	480,000	-	-
Business and Professions	06L	-	-	-	102,000	102,000
Account Totals		-	480,000	480,000	102,000	102,000

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: 2/23/23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date:

Request #	1
Bill #	2SHB 1433

Part 2 – Explanation

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

The second substitute bill version makes the following changes:

- Requires that a home energy assessment carbon emission calculation estimation uses utility-specific emissions factors for all energy sources
- Removes language related to city/county authority to require a home energy score when a residential building is advertised for sale
- Removes language related to home energy score requirements for individuals to be eligible for financial incentives for energy efficiency improvements administered by DOC
- Clarifies that DOL must begin issuing licenses by July 1, 2025, and individuals must be licensed by March 1, 2026
- Specifies that all money collected must be deposited into the Business and Professions Account

2.B - Cash receipts Impact

Per RCW 43.24.150 the business and professions account are self-funded. “All receipts from business or professional licenses, registrations, certifications, renewals, examinations, or civil penalties assessed and collected by the department ... must be deposited into the account.” This second substitute version of the fiscal note reflects license fee collection, starting with license issuance, on July 1, 2025.

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	-	-	-	102,000	102,000
Account Totals		-	-	-	102,000	102,000

If needed to implement this legislation, a one-time assessment would be added to licenses that are funded with dedicated funds, equal to the costs contained in the expenditure section of this fiscal note. The cost allocation model applied to current expenditures is used to establish the revenue breakdown. For efficiency purposes, the department will add inclusion of this one-time assessment per license, to a planned fee rulemaking process in the spring of 2026, with any fee proposed increases to go into effect in June 2026.

2.C – Expenditures

Expenditures would be supported by the General Fund in fiscal year 2025, for start up expenses. The Business and Professions account is a dedicated fund and will not have the funds to support new license set up. DOL will begin collecting license fees to support licensure activities in July 2025.

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 CSS 2 (0.1 FTE) will start in June 2025 to prepare for the launch of the new license in July 2025. In ongoing years 0.5 FTEs are required.

One Management Analyst 4 (MA4) is required for a 12-month project starting on July 1, 2024. This position will:

- Coordinate and conduct rulemaking to implement new licensing program
- Support stakeholder outreach
- Assist with process and policy development

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).

Information Services contracts and efforts will begin in January 2025 to prepare for licensure starting in July 2025. A contract for \$64,630 is required to make system changes. This is a slight increase over the substitute version of the bill to include ordinance changes to the system, which were overlooked in previous bill versions. The total for IS charges is \$314,230, which are required in fiscal year 2025.

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
Totals			-	249,600	-	-	-	-	249,600

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
General Fund	001	-	480,000	480,000	-	-
Business and Professions	06L	-	-	-	102,000	102,000
Account Totals		-	480,000	480,000	102,000	102,000

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	-	361,000	361,000	34,000	34,000
Total By Object Type	-	480,000	480,000	102,000	102,000

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
-	-	0.0	1.1	0.6	0.5	0.5
Total FTE		0.0	1.1	0.6	0.5	0.5

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 2S 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: 02/23/2023
Leg. Committee Contact: Emily Stephens	Phone: 360-786-7157	Date: 02/22/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/23/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/27/2023

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:

--Requires that, in the calculation of carbon emissions conducted as part of a home energy assessment, the estimated emissions must employ utility-specific emissions factors for all sources of consumed energy.

--Removes language related to the authority of a city or county to require a Home Energy Score at the time a residential building is advertised for sale.

--Removes language related to the authority to require a Home Energy Score in order for an individual to be eligible to receive certain financial incentives for energy efficiency improvements administered by the Department of Commerce (Commerce).

--Changes the date on which the Department of Licensing (DOL) must begin issuing licenses for home energy assessors from March 1, 2026, to July 1, 2025.

--Changes the date beginning on which a person may not conduct business as a home energy assessor without a license from July 1, 2025, to March 1, 2026.

--Clarifies that all fines and penalties collected or assessed for regulatory actions taken by the DOL must be deposited into the Business and Professions Account.

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:

In comparison to the previous version of the bill, this version would not result in additional expenditure impacts on 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 they are not required to do so. It is unknown how many jurisdiction would 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:

In comparison to the previous version of the bill, this version 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, SHB 1433 (2023)

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

Proposed Second Substitute Bill, SSHB 1433, House Appropriations Committee (2023)

Revised Code of Washington, RCW 43.24.150

Seattle City Light



Multiple Agency Ten-Year Analysis Summary

Bill Number 1433 2S HB	Title Energy labeling/residential
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Department of Commerce	0	0	0	0	0	0	0	0	0	0	0
Department of Licensing	0	0	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	408,000
Total	0	0	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	408,000



Ten-Year Analysis

Bill Number 1433 2S HB	Title Energy labeling/residential	Agency 103 Department of Commerce
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 2/24/2023 2:50:27 pm
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 2/24/2023 2:50:27 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1433 2S HB	Title Energy labeling/residential	Agency 240 Department of Licensing
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Home Energy Assessors	06L			51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	408,000
Total				51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	408,000
Biennial Totals				102,000		102,000		102,000		102,000		408,000

Narrative Explanation (Required for Indeterminate Cash Receipts)

If needed to implement this legislation, a one-time assessment would be added to licenses that are funded with dedicated funds, equal to the costs contained in the expenditure section of this fiscal note. The cost allocation model applied to current expenditures is used to establish the revenue breakdown. For efficiency purposes, the department will add inclusion of this one-time assessment per license, to a planned fee rulemaking process in the spring of 2026, with any fee proposed increases to go in effect in June 2026.

Agency Preparation: Deb Williams	Phone: 360-902-0015	Date: 2/28/2023 3:37:20 pm
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 2/28/2023 3:37:20 pm
OFM Review:	Phone:	Date: