

HOUSE BILL REPORT

HB 1899

As Reported by House Committee On:
Local Government

Title: An act relating to facilitating reconstruction of communities damaged or destroyed by wildfires.

Brief Description: Facilitating reconstruction of communities damaged or destroyed by wildfires.

Sponsors: Representatives Volz, Schmidt, Chapman, Graham, Rule, Leavitt, Waters, Low, Christian, Couture, McClintock, Barnard, Jacobsen, Timmons, Schmick, Dent, Cheney, Sandlin and Griffey.

Brief History:

Committee Activity:

Local Government: 1/23/24, 1/26/24 [DPS].

Brief Summary of Substitute Bill

- Establishes a grant program, administered by the Department of Commerce, to make grants to property owners and local governments that had certain buildings damaged or destroyed by wildfire during a declared wildfire emergency after January 1, 2023, for the purpose of assisting the reconstructed or repaired building to meet increased energy efficiency standards, to provide or increase electric vehicle charging capacity, or for the installation and use of solar panels on a building that did not previously utilize solar panels.
- Requires that grants first be awarded for buildings owned or rented by low- to moderate-income households, and then for those buildings which will yield the greatest environmental benefits.
- Allows funds from the Climate Commitment Act to be appropriated for the grant program.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Goehner, Ranking Minority Member; Berg, Griffey and Riccelli.

Minority Report: Without recommendation. Signed by 1 member: Representative Jacobsen, Assistant Ranking Minority Member.

Staff: Kellen Wright (786-7134).

Background:

The State Building Code Council (Council) is responsible for the adoption of the State Building Code (Code). The Code establishes the minimum requirements and standards for buildings and facilities constructed in the state.

The Council also adopts the State Energy Code (Energy Code). The Energy Code must be designed to require the construction of increasingly energy efficiency homes and buildings.

In 2023 Washington was subjected to a number of wildfires. On August 19, 2023, the Governor declared a state of emergency throughout the state due to the wildfires. The Governor has not issued a proclamation terminating the state of emergency.

In 2021 the Legislature implemented a cap-and-trade program to reduce carbon emissions. Under this program, the carbon emissions in the state are capped, and carbon allocations under the cap are auctioned off by the Department of Ecology, with most of the revenue going to the Climate Commitment Account.

Summary of Substitute Bill:

The Department of Commerce (Department) must establish and administer a grant program to provide assistance to qualifying property owners and local governments that had buildings damaged or destroyed by wildfires. In order to be eligible for a grant, a property owner who had a building damaged or destroyed during a wildfire must meet the following criteria:

- The building must have been damaged or destroyed after January 1, 2023.
- The area in which the building was damaged or destroyed must have been under a state of emergency declared by the Governor or a local government due to wildfires at the time the building was damaged or destroyed.
- The building must have been a residential building, multifamily building, commercial building, or a building owned and used by a local government.
- The same type of building that was damaged or destroyed is being repaired or

- reconstructed.
- The new or repaired building will comply with all Code and Energy Code requirements.

A grant from the Department may only be used to comply with any increase in Energy Code standards since the time that the building was originally constructed, to provide or increase electric vehicle charging capacity, or to install solar panels on a building that did not, prior to being damaged or destroyed, use solar panels.

The Department must establish rules for how applications are to be submitted and evaluated, and for ensuring that grants are only used for the allowed purposes. When awarding grants, the Department must prioritize buildings owned or rented by households with an adjusted income that is at or below 120 percent of the median household income in the county. After that, grants must be awarded based on the environmental benefits that will be realized from the increased energy efficiency, electric vehicle charging capacity, or solar panel use by the building for which the grant is awarded.

Funds from the Climate Commitment Account may be appropriated to provide the grants.

Substitute Bill Compared to Original Bill:

The substitute bill:

- replaces the intent section with a new intent section;
- removes the requirement that local governments allow property damaged or destroyed by wildfire during a declared emergency to be repaired or rebuilt in compliance with the owner's choice of the current State Building and State Energy Codes, or the codes as they existed on January 1, 2023;
- provides for a grant program, administered by the Department to make grants to property owners and local governments that had certain buildings damaged or destroyed by wildfire during a declared wildfire emergency after January 1, 2023, for the purpose of assisting the reconstructed or repaired building to meet increased energy efficiency standards, provide or increase electric vehicle charging capacity, or for the installation and use of solar panels on a building that did not, prior to being damaged or destroyed, utilize solar panels;
- requires that grants first be awarded for buildings owned or rented by low- to moderate-income households, and then for those buildings which will yield the greatest environmental benefits based on the amount of energy efficiency, charging capacity, or solar panel installation that will occur;
- allows funds from the Climate Commitment Act to be appropriated for the grant program; and
- removes the emergency clause.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Wildfires devastated places in Spokane County last August. Many people had to evacuate, and some had their homes destroyed and lost everything. The people who lost homes are now caught between the old State Building Code Council rules that were in effect at the time of the fire and the new rules that will go into effect this year. Half of the homes that were destroyed will not be rebuilt quickly enough to use the current code, and having to adopt to a new code adds financial and emotional strain on victims. This would not allow rebuilding to an old code that was in effect when the building was originally built, but to the current code. This would increase energy efficiency while still providing relief for victims. We should prioritize the needs of victims. Many are currently living in tents or recreational vehicles, and we need to help reduce the burden on them. This is more than just a financial issue, but a moral imperative to support our neighbors. The victims have not received the assistance that they were told would be available, and need the help that is in this bill. This bill would allow them to rebuild quickly and efficiently by allowing them to use the current code rather than the new code. This bill is crucial for expediting the rebuilding of communities. Many are worried about rebuilding because they may not be able to use the same heating source that they had previously used without issues for decades. Some live off the grid and need generators to heat their homes. This can be a safety issue, because the loss of power could mean that these isolated people do not have heat. The grid may not be able to handle the complete shift to electricity. Some cannot hook up to gas, and prices may continue to increase in the future. This bill would allow the victims of the fire to rebuild in the same manner, and with the same heating source that they lost in the fires. Issues raised by the insurance industry can be addressed with amendments. The new code will add tens of thousands of dollars to the costs of rebuilding. The people that lost their homes unexpectedly are not in the same position as someone who has decided to build a new home and budgeted for it, and the level of insurance they had may not be sufficient to rebuild to the new standards. People will struggle to maintain their standard of living. When there is a natural disaster, there should be a pause on increasing code standards for the victims so that they can rebuild back to the same standards as they had at the time that the home was destroyed. The current Wildland-Urban Interface (WUI) Code is not currently the law and it is in flux because it is difficult to implement. The bill should reference the state residential code rather than the state building code.

(Opposed) The intent of the bill is good, but it could leave people underinsured. Not building up to the WUI code standard could make it more difficult for wildfire victims to find insurance coverage in the future. Current insurance does cover rebuilding up to code standards. For those that were uninsured, it can be difficult to rebuild, and those people need financial assistance. Rebuilding to a lower standard, however, will only lead to more

financial difficulties in the future. This bill raises concerns about the next wildfire, as suspending codes that would make homes and communities better protected from wildfires is counterproductive. This would send insurers the wrong message about the state's commitment to mitigating wildfires, and would make it more difficult to get insurance coverage.

(Other) The purpose of the new energy code is to make buildings more efficient and to reduce carbon dioxide (CO₂) emissions. The Climate Commitment Act puts a hard cap on CO₂ emissions, so there is only so much CO₂ that can be sold in the state. Therefore, even if this bill passed, it would not change the overall CO₂ reduction in the state. The State Building Code Council found that meeting the new codes would be more expensive than meeting the old codes, and would increase costs for those that lost their homes.

Persons Testifying: (In support) Representative Mike Volz, prime sponsor; Josh Kerns, Spokane County; Al French, Spokane County Commissioner; Al Merkel, City of Spokane Valley; Terri Cooper, City of Medical Lake; Lukas Garcia, Greater Spokane Valley Chamber of Commerce; Lisa Johnson; Meegan Ware; and Jan Himebaugh, Building Industry Association of Washington.

(Opposed) David Forte, Office of the Insurance Commissioner; and Kenton Brine, Northwest Insurance Council.

(Other) Todd Myers, Washington Policy Center.

Persons Signed In To Testify But Not Testifying: None.