

SENATE BILL REPORT

E3SHB 1433

As Reported by Senate Committee On:
Environment, Energy & Technology, February 21, 2024

Title: An act relating to energy labeling of residential buildings.

Brief Description: Concerning energy labeling of residential buildings.

Sponsors: House Committee on Environment & Energy (originally sponsored by Representatives Duerr, Ramel, Fitzgibbon, Berry, Reed and Doglio).

Brief History: Passed House: 2/9/24, 55-42.

Committee Activity: Environment, Energy & Technology: 3/22/23, 3/24/23; 2/20/24, 2/21/24 [DPA, DNP].

Brief Summary of Amended Bill

- Authorizes cities and counties to require that the owner of a single-family residence obtain and make available a home energy performance report before the residence may be publicly advertised for sale.
- Requires home energy performance reports, where required by a city or county, to contain specified information and be prepared by a qualified home energy auditor certified by a qualified certification program approved by the United States Department of Energy.
- Requires the Department of Commerce to develop, maintain, and make available a standardized format for home energy performance reports.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass as amended.

Signed by Senators Nguyen, Chair; Lovelett, Vice Chair; Lovick, Trudeau and Wellman.

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.

Minority Report: Do not pass.

Signed by Senators MacEwen, Ranking Member; Boehnke and Short.

Staff: Kimberly Cushing (786-7421)

Background: United States Department of Energy Home Energy Score. The Home Energy Score was developed by the United States Department of Energy (U.S. DOE) to provide home owners, buyers, and renters directly comparable and credible information about a home's energy use. The Home Energy Score report estimates home energy use, associated costs, and provides energy solutions to cost-effectively improve the home's efficiency.

United States Department of Energy—Home Energy Auditor Qualified Certification Programs. Homeowners who obtain a home energy audit may be eligible for certain tax credits at the federal level, including the Energy Efficient Home Improvement Credit. In order to qualify for the tax credit, the home energy audit must have been prepared by a home energy auditor who has been certified by one of the qualified certification programs approved by the U.S. DOE. Multiple certification programs are currently approved by the U.S. DOE.

Summary of Amended Bill: Home Energy Performance Report. Cities and counties may require that the owner of a single-family residence obtain and make available a home energy performance report before the residence may be publicly advertised for sale. If a city or county requires a home energy performance report, the home energy performance report must comply with the requirements established in the bill.

Neither a city nor a county may require a home energy performance report until the city or county has first conducted an analysis of the financial impacts on low-income home sellers associated with a requirement to obtain a home energy performance report, and adopted a program to mitigate such financial impacts, including the subsidization of the cost of these reports for low-income home sellers.

A home energy performance report required by a city or county must include certain information, including:

- a home energy score, using the methods developed by the U.S. DOE, with at least one comparison home energy performance score that provides context for the range of potential scores;
- an estimate of the total monthly or annual cost of energy purchased for use in the residence in dollars, by fuel type, based on the current average annual retail residential energy price of the utility serving the covered building at the time of the report;
- the amount of greenhouse gas emissions associated with the energy consumption of the residence, in tons per year by fuel type, with at least one comparison measure; and
- the identification of the efficiency measures that may be installed directly by consumers and most significant energy efficiency improvements to the residence.

A home energy performance report required by a city or county must be prepared by a qualified home energy auditor certified by a certification program approved by the U.S. DOE.

Home Energy Performance Report Format. The home energy performance report must comply with the format developed by the Department of Commerce (Commerce). Commerce is required to develop, maintain, and make available a standardized home energy performance report format by November 30, 2024.

EFFECT OF ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE AMENDMENT(S):

- Makes technical corrections.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 11, 2024.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Engrossed Third Substitute House Bill (Regular Session 2024): *The committee recommended a different version of the bill than what was heard.* PRO: When you buy a new car, there's a sticker on the window that shows you the price and the miles per gallon, which is essential information to have to make a decision. This provides transparency and understanding about not only can a person afford to purchase a home, but also can they afford to heat a home? This is a permissive program. Education for homeowners is a critical piece of the bill. The bill no longer stands up its own licensing program for auditors. The bill includes an assessment on impact and mitigation for low-income home owners. The cost for a report is only about \$200. It is up to local jurisdictions to decide whether or not to require a home energy report card. If homeowner chooses to have such a report card the cost is only about \$200 according to people in Oregon. Neither home appraisers nor utilities have a standardized report card. This is a way to have standardized information across the state.

CON: There is not enough transparency. We don't know who will qualify as low income. If it is such a good idea, it should be mandatory. This bill makes housing even more expensive.

OTHER: This bill has progressed a lot since last year. When local governments adopt local real estate requirements, typically they have the authority already. Cities can probably require home energy reports already. The upside of the bill is the standardization of the

report. One thing that is frustrating to people is when we have different requirements in different cities. By standardizing these reports, it makes them more affordable, effective, and understandable. Don't be surprised with opposition at the local level if this is opposed when cities adopt this requirement. Ultimately it is a city's choice.

Persons Testifying: PRO: Representative Davina Duerr, Prime Sponsor; R. Court Olson, Shift Zero and also People for Climate Action.

CON: Tim Eyman, Initiative Activist.

OTHER: Bill Clarke, WA REALTORS.

Persons Signed In To Testify But Not Testifying: No one.