SENATE BILL REPORT SB 5190

As of February 10, 2025

- **Title:** An act relating to allowing school districts to request extensions to state energy performance standard deadlines for K-12 school buildings.
- **Brief Description:** Allowing school districts to request extensions to state energy performance standard deadlines for K-12 school buildings. [**Revised for 1st Substitute:** Allowing schools and school districts to request extensions to state energy performance standard deadlines for K-12 school buildings.]
- **Sponsors:** Senators Wellman, Conway, Shewmake, Bateman, Riccelli, Hasegawa, Saldaña, Lovick, Krishnadasan, Nobles, Salomon and Wilson, C..

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/16/25, 1/23/25 [DPS-ENET]. Environment, Energy & Technology: 2/12/25.

Brief Summary of First Substitute Bill

- Allows a school or school district to request a ten-year extension to a K-12 school building's State Energy Performance Standard compliance date.
- Prohibits the Department of Commerce from imposing an administrative penalty upon a school or school district that submits a request to extend.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5190 be substituted therefor, and the substitute bill do pass and be referred to Committee on Environment, Energy & Technology.

Signed by Senators Wellman, Chair; Nobles, Vice Chair, K-12; Wilson, C., Vice Chair, Early Learning; Harris, Ranking Member; Cortes, Dozier, Hansen, Krishnadasan and

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.

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Staff: Alex Fairfortune (786-7416)

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Kimberly Cushing (786-7421)

Background: <u>State Energy Performance Standard.</u> The State Energy Performance Standard (Standard), often referred to as the Clean Buildings Performance Standard, requires the Department of Commerce (Commerce) to establish rules for energy performance standards for covered buildings, to collect data on compliance, and report on outcomes. The Standard seeks to maximize reductions in greenhouse gas emissions from the building sector.

The Standard includes energy use intensity targets by building type. The energy use intensity targets are no greater than the average energy use intensity of a building type and must consider regional and local building energy use data. The Standard must also allow a conditional compliance method that includes investment criteria to ensure energy efficiency measures, identified through energy audits, are being implemented to meet the targets.

Commerce may impose penalties on building owners for failing to demonstrate compliance with the Standard.

Covered Buildings under the Standard. There are two types of covered buildings:

- tier 1 covered buildings include existing buildings where the sum of nonresidential, hotel, motel, and dormitory floor areas exceeds 50,000 gross square feet, excluding the parking garage area; and
- tier 2 covered buildings include multifamily residential, nonresidential, hotel, motel, and dormitory floor areas that are greater than 20,000 square feet and less than 50,000 square feet, excluding the parking garage area. Tier 2 buildings also include multifamily residential buildings where the floor areas are equal to or greater than 50,000 square feet, excluding the parking garage area.

Tier 1 buildings must comply with the Standard, and the tiered compliance and reporting begins June 2026 for buildings greater than 220,000 square feet.

All tier 2 buildings must report on benchmarking, implementation of energy management plans, and operations and maintenance programs; they are not currently responsible for complying with the energy use intensity targets. Reporting for tier 2 buildings begins by July 1, 2027.

<u>Exemptions from the Standard.</u> The owner of a covered building is exempt from the Standard if the building:

- did not have a certificate of occupancy or a temporary certificate of occupancy for a year before the compliance schedule;
- did not have an average occupancy of at least 50 percent throughout the calendar year before the compliance schedule;
- contains conditioned space which is less than 50,000 square feet;
- is primarily used for manufacturing or industry;
- is an agricultural structure; or
- meets certain conditions of financial hardship.

For buildings listed on state or national historic registers or designated as historic under local or state law, no individual energy efficiency requirement must be met that would compromise the historical integrity of the building.

Summary of Bill (First Substitute): A public school, private school, or school district may request to extend a K-12 school building's compliance date beyond the scheduled date established in the Standard. A request to extend must be submitted to Commerce prior to a building's scheduled compliance date and include a noncompliance mitigation plan that demonstrates the school or school district is taking action to achieve compliance with the Standard. Extensions are valid for ten years beyond the building's scheduled compliance date and may not be renewed.

Commerce may not impose an administrative penalty upon a school or school district that submits a request to extend a K-12 school building's compliance date.

Commerce must adopt rules necessary to grant extensions.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (First Substitute):

• Adds public schools and private schools as eligible entities that may request to extend a K-12 school building's compliance date under the Clean Buildings Performance Standard.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 8, 2025.

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 Original Bill (Early Learning & K-12 Education): *The committee recommended a different version of the bill than what was heard.* PRO: School districts cannot pass bonds to renew their school buildings so they will

end up paying these fines. An extension is critical. The bill gives time and flexibility to sort out funding. A future extension may be needed if the Legislature doesn't provide funds to get buildings into compliance. Districts are currently weighing the cost of compliance versus noncompliance, and could be paying 2 to 20 times as much in renovation costs when compared to the noncompliance penalties. One district has 70 buildings, 55 of which are Tier 1 buildings and 30 of which aren't in compliance. Issaquah School District would pay \$130M for renovations to reach compliance just in the first phase. It doesn't make sense to impose these penalties when school districts have so many other costs.

OTHER: Private schools should be able to request an extension in addition to school districts.

Persons Testifying (Early Learning & K-12 Education): PRO: Senator Lisa Wellman, Prime Sponsor; Martin Turney, Issaquah School District; Mitch Denning, Alliance of Educational Associations; Michael Knaack, WA Assn of Maintenance and Operation Administrators; Devlin Piplic, WA Assn of Maintenance and Operation Administrators; Grace Yuan, Puget Sound School Coalition; Charlie Brown, Tacoma, Puyallup, Clover Park, Bethel and other School Districts.

OTHER: Suzie Hanson, Washington Federation of Independent Schools.

Persons Signed In To Testify But Not Testifying (Early Learning & K-12 Education): No one.