
SECOND SUBSTITUTE HOUSE BILL 1007

State of Washington 61st Legislature 2009 Regular Session

By House Capital Budget (originally sponsored by Representatives Morris, Chase, Morrell, Lias, Anderson, Upthegrove, Seaquist, Hudgins, and Moeller)

READ FIRST TIME 03/03/09.

1 AN ACT Relating to creating a sustainable energy trust; amending
2 RCW 43.180.020; adding a new section to chapter 43.180 RCW; and
3 creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature intends to promote the
6 development of renewable energy technologies and the application of
7 energy efficiency measures by authorizing the issuance of revenue bonds
8 to finance renewable energy and energy efficiency improvement costs.
9 The legislature finds that by providing access to low-cost capital to
10 finance renewable energy and energy efficiency projects, a key barrier
11 is eliminated.

12 **Sec. 2.** RCW 43.180.020 and 1990 c 167 s 1 are each amended to read
13 as follows:

14 (~~Unless the context clearly requires otherwise,~~) The definitions
15 in this section apply throughout this chapter unless the context
16 clearly requires otherwise.

17 (1) "Bonds" means the bonds, notes, or other evidences of

1 indebtedness of the commission, the interest paid on which may or may
2 not qualify for tax exemption.

3 (2) "Certifying authority" means: (a) For improvements involving
4 solar electric systems, the Washington climate and rural energy
5 development center at Washington State University, established under
6 RCW 28B.30.642; or (b) for all other energy efficiency and renewable
7 energy improvements, any utility company or other institution qualified
8 to assess and certify the feasibility and benefit of energy efficiency
9 and renewable energy improvements in a manner that is efficient and
10 minimizes the amount of time or cost.

11 (3) "Code" means the federal internal revenue code of 1954, as now
12 or hereafter amended, and the regulations and rulings promulgated
13 thereunder.

14 (~~(+3)~~) (4) "Commission" means the Washington state housing finance
15 commission or any board, body, commission, department, or officer
16 succeeding to the principal functions thereof or to whom the powers
17 conferred upon the commission shall be given by law.

18 (~~(+4)~~) (5) "Costs of housing" means all costs related to the
19 development, design, acquisition, construction, reconstruction,
20 leasing, rehabilitation, and other improvements of housing, as
21 determined by the commission.

22 (~~(+5)~~) (6) "Eligible applicant" means, with respect to the
23 sustainable energy trust program, an owner of a residential,
24 agricultural, commercial, state, or municipal property.

25 (7) "Eligible person" means a person or family eligible in
26 accordance with standards promulgated by the commission. Such persons
27 shall include those persons whose income is insufficient to obtain at
28 a reasonable cost, without financial assistance, decent, safe, and
29 sanitary housing in the area in which the person or family resides, and
30 may include such other persons whom the commission determines to be
31 eligible.

32 (~~(+6)~~) (8) "Energy efficiency improvement" means an installation
33 or modification that is designed to reduce energy consumption in
34 residential, agricultural, commercial, state, or municipal properties.
35 The term includes, but is not limited to: Insulation; storm windows
36 and doors; automatic energy control systems; heating, ventilating, or
37 air conditioning and distribution system modifications or replacements

1 in buildings or central plants; caulking and weather stripping; energy
2 recovery systems; geothermal heat pumps; and day lighting systems.

3 (9) "Housing" means specific new, existing, or improved residential
4 dwellings within this state or dwellings to be constructed within this
5 state. The term includes land, buildings, and manufactured dwellings,
6 and improvements, furnishings, and equipment, and such other nonhousing
7 facilities, furnishings, equipment, and costs as may be incidental or
8 appurtenant thereto if in the judgment of the commission the
9 facilities, furnishings, equipment and costs are an integral part of
10 the project. Housing may consist of single-family or multifamily
11 dwellings in one or more structures located on contiguous or
12 noncontiguous parcels or any combination thereof. Improvements may
13 include such equipment and materials as are appropriate to accomplish
14 energy efficiency within a dwelling. The term also includes a dwelling
15 constructed by a person who occupies and owns the dwelling, and nursing
16 homes licensed under chapter 18.51 RCW.

17 ((+7)) (10) "Mortgage" means a mortgage, mortgage deed, deed of
18 trust, security agreement, or other instrument securing a mortgage loan
19 and constituting a lien on or security interest in housing. The
20 property may be held in fee simple or on a leasehold under a lease
21 having a remaining term, at the time the mortgage is acquired, of not
22 less than the term of repayment of the mortgage loan secured by the
23 mortgage. The property may also be housing which is evidenced by an
24 interest in a cooperative association or corporation if ownership of
25 the interest entitles the owner of the interest to occupancy of a
26 dwelling owned by the association or corporation.

27 ((+8)) (11) "Mortgage lender" means any of the following entities
28 which customarily provide service or otherwise aid in the financing of
29 housing and which are approved as a mortgage lender by the commission:
30 A bank, trust company, savings bank, national banking association,
31 savings and loan association, building and loan association, mortgage
32 banker, mortgage company, credit union, life insurance company, or any
33 other financial institution, governmental agency, municipal
34 corporation, or any holding company for any of the entities specified
35 in this subsection.

36 ((+9)) (12) "Mortgage loan" means an interest-bearing loan or a
37 participation therein, made to a borrower, for the purpose of financing
38 the costs of housing, evidenced by a promissory note, and which may or

1 may not be secured (a) under a mortgage agreement, (b) under any other
2 security agreement, regardless of whether the collateral is personal or
3 real property, or (c) by insurance or a loan guarantee of a third
4 party. However, an unsecured loan shall not be considered a mortgage
5 loan under this definition unless the amount of the loan is under two
6 thousand five hundred dollars.

7 (13) "Qualified improvement" means an energy efficiency improvement
8 which has been approved by a certifying authority or a net metering
9 system as defined under RCW 80.60.010.

10 NEW SECTION. Sec. 3. A new section is added to chapter 43.180 RCW
11 to read as follows:

12 (1) If economically feasible, the commission shall develop and
13 implement a sustainable energy trust program to provide financing for
14 qualified improvement projects. In developing the sustainable energy
15 trust program, the commission shall establish eligibility criteria for
16 financing that will enable it to choose eligible applicants who are
17 likely to repay loans made or acquired by the commission and funded
18 from the proceeds of commission bonds.

19 (2) The commission shall, if economically feasible:

20 (a) Issue bonds, as defined in RCW 43.180.020, for the purpose of
21 financing loans for qualified energy efficiency and renewable energy
22 improvement projects in accordance with RCW 43.180.150;

23 (b) Participate fully in federal and other governmental programs
24 and take actions that are necessary and consistent with this chapter to
25 secure to itself and the people of the state the benefits of programs
26 to promote energy efficiency and renewable energy technologies; and

27 (c) Contract with a certifying authority to accept applications for
28 energy efficiency and renewable energy improvement projects, to review
29 applications, including binding fixed price bids for the improvements,
30 and to approve qualified improvements for financing by the commission.
31 For solar electric systems, the certifying authority must use an
32 application certification process similar to the investment cost
33 recovery incentive application process provided under RCW 82.16.120.

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