

CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1007**

Chapter 65, Laws of 2009

61st Legislature  
2009 Regular Session

SUSTAINABLE ENERGY TRUST

EFFECTIVE DATE: 07/26/09

Passed by the House March 9, 2009  
Yeas 85 Nays 10

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Passed by the Senate April 3, 2009  
Yeas 43 Nays 2

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Approved April 13, 2009, 3:16 p.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1007** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

\_\_\_\_\_  
**Chief Clerk**

FILED

April 14, 2009

**Secretary of State  
State of Washington**

---

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1007

---

Passed Legislature - 2009 Regular Session

State of Washington                      61st Legislature                      2009 Regular Session

By House Capital Budget (originally sponsored by Representatives Morris, Chase, Morrell, Liias, 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;

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.  
34 No work by a certifying authority may commence under this section until  
35 a request has been made by the commission; and

36 (d) Before entering into a contract with a certifying authority as

1 defined in RCW 43.180.020(2)(b), consult with the Washington State  
2 University energy extension program to determine which potential  
3 improvement technologies are appropriate.

4 (3) No general fund resources may be expended to implement this  
5 section.

Passed by the House March 9, 2009.

Passed by the Senate April 3, 2009.

Approved by the Governor April 13, 2009.

Filed in Office of Secretary of State April 14, 2009.