

Multiple Agency Fiscal Note Summary

Bill Number: 2322 S HB	Title: Child care/tax preferences
-------------------------------	--

Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Joint Legislative Audit and Review Committee	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	Fiscal note not available											
Office of Financial Management	Fiscal note not available											
Department of Revenue	Fiscal note not available											
Department of Social and Health Services	Fiscal note not available											
Department of Children, Youth, and Families	.0	0	0	0	.0	0	0	0	.0	0	0	0
Employment Security Department	Fiscal note not available											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Fiscal note not available								
Office of Financial Management	Fiscal note not available								
Department of Revenue	Fiscal note not available								
Department of Social and Health Services	Fiscal note not available								
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Preliminary 2/ 8/2024
------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 2322 S HB	Title: Child care/tax preferences	Agency: 014-Joint Legislative Audit and Review Committee
-------------------------------	--	---

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kristina King	Phone: 360-786-7190	Date: 02/05/2024
Agency Preparation: ALINE MEYSONNAT	Phone: 360-786-5171	Date: 02/06/2024
Agency Approval: Eric Thomas	Phone: 360 786-5182	Date: 02/06/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/08/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The substitute bill directs the Office of Financial Management (OFM) to facilitate the creation of a report that studies existing employer-provided childcare programs, explores various funding options, and includes recommendations to help support and expand access to childcare and how businesses can be a part of the solution to fund childcare.

The original bill created a requirement for businesses that receive a business and occupation (B&O) tax incentive to provide childcare for their employees established and directed JLARC to review the effectiveness of the change in employer-supported childcare. The current bill does not include a JLARC study.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The current bill does not include a JLARC study, hence there is no fiscal impact.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2322 S HB	Title: Child care/tax preferences	Agency: 307-Department of Children, Youth, and Families
-------------------------------	--	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kristina King	Phone: 360-786-7190	Date: 02/05/2024
Agency Preparation: Melissa Jones	Phone: (360) 688-0134	Date: 02/08/2024
Agency Approval: Sarah Emmans	Phone: 360-628-1524	Date: 02/08/2024
OFM Review: Carly Kujath	Phone: (360) 790-7909	Date: 02/08/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Comparison of 2322 HB to 2322 SHB:

The substitute bill removes the child care requirement for B&O tax preferences and instead requires a report from Office of Financial Management (OFM).

Section 1 adds language to include child care is more expensive than college.

Section 2 removes the new section adding child care requirement for B&O tax preferences to RCW 82.04, and replaces with subsections below:

Section 2(1) directs the OFM to facilitate a report in collaboration with businesses, labor representatives, child care advocates, parent groups, legislators, and state agencies, and including but not limited to the Department of Commerce, Department of Children, Youth, and Families (DCYF), Employment Security Department, Department of Revenue, and Department of Social and Health Services.

Section 2(2) outlines the requirements of the study to include existing employer-provided child care programs, explore various funding options, and how businesses can be part of the solution to fund child care.

Section 2(3) the report must evaluate (a) data and research within Washington and the United States (b) B&O tax incentives and economic impact of businesses and (c) best practices for employer-supported child care programs.

Section 2(4) requires the report to be submitted by December 31, 2024, and the report must include recommendations for at least three B&O tax preferences that incentivize businesses to provide employer-supported child care to their employees.

2322HB

Section 1 contains intent language.

Section 2 is a new section added to RCW 82.04 creating certain conditions under which employers may receive business and occupation (B&O) tax preferences.

Section 2(1) Stipulates that a taxpayer receiving a B&O tax preference must provide child care for employee's children with a timeline of after January 1, 2025.

Section 2(2) provides specific options for taxpayers. (a) operation/maintenance of on-site child care center at a discounted rate. (b) payments or reimbursement to employees for a minimum of 25% of child care costs. (c) for taxpayers with at least one employee with a salary of \$250k or more, the employer may make an annual payment to the fair start for kids account. (c)(i), (ii), (iii) outlines requirements for the payment to the FSKA account which is 5% of total compensation of all employees with a salary of \$250k or more, and timelines for tracking the compensation to be used.

Section 2(3) exempts employers who are party to a collective bargaining agreement and the agreement does not include child care as a requirement.

Section 2(4) outlines requirements for employers to verify compliance via certificate to the Department of Revenue.

Section 2(5) outlines requirements for repayment of the preference and creates penalties when a taxpayer does not provide the certificate or required payment.

Section 2(6) requires the Department of Revenue to adopt rules.

Section 3, (1) and (2) establishes a requirement that the joint legislative audit and review team provide a review of the effectiveness of the change in employer-supported childcare in Washington by January 1, 2031.

Section 3(3) and subsections, outline the requirements for the report that must include: The number of: businesses and occupation taxpayers in the state that add childcare benefits, the number of businesses and occupation taxpayers who forego taking the tax preference rather than providing child care, the amount of revenue deposited into the FSKA account, and the most common form of child care taxpayers provide to their employees.

Section 3(4) provides authority to the joint legislative audit committee to use any data collected by the state.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

none.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No fiscal impact. DCYF assumes contribution to the required report from OFM to be within current capacity.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.