

Multiple Agency Fiscal Note Summary

Bill Number: 2195 2S HB 2195-S AMS WM S5427.1	Title: Early learning facilities
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Estimated Cash Receipts

NONE

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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Children, Youth, and Families	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Superintendent of Public Instruction	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Myra Baldini, OFM

Phone:
(360) 688-8208

Date Published:
Final 3/ 4/2024

Individual State Agency Fiscal Note

Bill Number: 2195 2S HB 2195-S AMS WM S5427.1	Title: Early learning facilities	Agency: 090-Office of State Treasurer
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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: Wendy Brown	Phone: 3607867359	Date: 02/26/2024
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 02/27/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/27/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/28/2024

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.

2SHB 2195 AMS WM S5427.1 strengthens the early learning facilities grant and loan program by revising criteria and providing resources to the Ruth LeCocq Kagi early learning facilities development account.

No fiscal impact to the office.

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.

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: 2195 2S HB 2195-S AMS WM S5427.1	Title: Early learning facilities	Agency: 103-Department of Commerce
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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: Wendy Brown	Phone: 3607867359	Date: 02/26/2024
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 02/27/2024
Agency Approval: Pouth Ing	Phone: 360-725-2715	Date: 02/27/2024
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 02/27/2024

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.

Differences between the second substitute bill and the first substitute bill:

- Removes the expansion of the Department of Commerce's (department) existing Early Learning Facilities (ELF) school district grant program for early learning programs and services in school districts.
- Removes authority to transfer funds from the common school construction fund to the early learning facility development account, which would have expanded the ELF school district grant program.

The second substitute removes all fiscal impact to the department.

Bill Summary:

Section 1 amends RCW 43.31.577 removing grant funding caps, clarifies grant categories, adds a category for existing facilities, provides the authority for purchasing translation services, and requires prioritizing projects that are ready for construction.

Section 2 adds a new section to RCW 43.31 allowing affordable housing projects that receive ELF grant funding to include an on-site early learning facility to request reimbursement of grant funds at 90%, regardless of their match percentage for the project.

Section 4 adds a severability clause.

Section 5 provides that Section 1 takes effect July 1, 2025.

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.

There is no fiscal impact to the department. The updates needed to program guidelines in collaboration with the Office of Superintendent of Public Instruction (OSPI) and the Early Learning Facilities (ELF) Advisory Group can be accomplished with minimal additional staff time as part of regularly occurring collaboration. This may include, but is not limited to updates for program guidance and community outreach and engagement.

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

The proposed legislation would not impact the capital budget. The department assumes any additional staff costs that result from increased funding caps for project support services and to coordinate project delivery would be funded within the allowable administrative deduction from an ELF capital appropriation.

Part V: New Rule Making Required

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

Department of Revenue Fiscal Note

Bill Number: 2195 2S HB 2195-S AMS WM S5427.1	Title: Early learning facilities	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated 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: Wendy Brown	Phone: 607-867-359	Date: 02/26/2024
Agency Preparation: Sara del Moral	Phone: 60-534-1525	Date: 02/27/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 02/27/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/27/2024

Request # 2195-3-1

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.

Note: This fiscal note reflects Senate amendment AMS WM S5427.1 to 2SHB 2195, 2024 Legislative Session.

COMPARISON OF STRIKING AMENDMENT WITH SUBSTITUTE BILL:

The changes in the striking amendment do not impact the department.

CURRENT LAW:

Washington's capital gains tax became effective January 1, 2022. The tax is imposed on the sale or exchange of long-term capital assets. Only individuals are subject to payment of the tax. However, individuals can be liable for the tax because of their ownership interest in a pass-through or disregarded entity that sells or exchanges long-term capital assets. The tax equals 7% multiplied by an individual's Washington capital gains.

All revenues collected during fiscal year 2024 are distributed as follows:

- The first \$524 million is deposited in the Education Legacy Trust Account.
- Any remaining amounts are deposited into the Common School Construction Account.

The Department of Revenue (department) adjusts amounts deposited into the Education Legacy Trust Account for inflation each year.

PROPOSAL:

The proposal does not impact the department.

EFFECTIVE DATE:

This bill takes effect on July 1, 2025.

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.

This legislation results in no revenue impact on taxes administered by the department.

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 department will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

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Form FN (Rev 1/00) 195,633.00

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Bill # 2195 2S HB 2195-S AMS WM S5427.1

III. C - 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

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 2195 2S HB 2195-S AMS WM S5427.1	Title: Early learning facilities	Agency: 307-Department of Children, Youth, and Families
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

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: Wendy Brown	Phone: 3607867359	Date: 02/26/2024
Agency Preparation: Wendy Polzin	Phone: 2066702667	Date: 02/28/2024
Agency Approval: Sarah Emmans	Phone: 360-628-1524	Date: 02/28/2024
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 03/04/2024

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 HB 2195 2S 2195-S AMS WM S5427.1 and SHB 2195

2SHB 2195 removes specified eligibility for early learning programs and services operated in a school district facility from funding from the Early Learning Facilities Grant and Loan program. It also removes the transfer of funds from the Common School Construction fund to the Early Learning Facilities Development account, as well as removes the modified definition of "common schools."

SHB 2195

Section 3 stipulates that, for early learning facilities collocated with affordable or supportive housing developments, the Department of Commerce may remit state funding on a reimbursement basis for 90 percent of eligible project costs, regardless of the project's match amount. (This is the same as Section 2 in HB 2195.)

Section 5(3) authorizes the Early Learning Facilities (ELF) Development Account to receive transfers from the Common School Construction fund, for the purposes of funding school district facilities serving preschool or before-and-after school care programs.

Removes the section of HB 2195 that required distribution of capital gains tax revenue into the ELF Development Account.

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.

Section 1 of this bill, removing limits on ELF grants, has INDETERMINATE impacts to DCYF's Licensing Division.

In the enacted 23-25 Capital Budget (ESSB 5200), up to 4 percent of the amounts appropriated in the Ruth Lecocq Kagi Early Learning Facilities Development Account are contracted to DCYF from the Department of Commerce to provide technical assistance to early learning providers interested in applying for the early learning facility grant or loan program. If DCYF is to continue to provide technical assistance in future biennia, funding would be required.

DCYF assumes that the ELF program will have pre-licensing and licensing staff impacts associated with supporting prospective and expanding child care providers with opening or expanding in-home child care or centers. Fiscal impact to the licensing division is indeterminate and depends on the additional funding that may be appropriated, as well as specific project needs of the applicants/awardees.

It is assumed that Technical Assistance and Licensing costs could potentially begin in FY 2026.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

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: 2195 2S HB 2195-S AMS WM S5427.1	Title: Early learning facilities	Agency: 350-Superintendent of Public Instruction
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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:

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Wendy Brown	Phone: 3607867359	Date: 02/26/2024
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 02/28/2024
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 02/28/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/29/2024

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.

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.

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.

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.