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**ENGROSSED SUBSTITUTE HOUSE BILL 1370**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** House Capital Budget (originally sponsored by Representatives Callan, Shewmake, Davis, Ramos, Leavitt, Duerr, Senn, Wicks, Chopp, Bateman, Kloba, Macri, Ramel, Harris-Talley, Pollet, Rule, and Goodman)

AN ACT Relating to early learning facilities; and amending RCW 43.31.577, 43.31.575, 43.31.569, 43.31.565, and 43.185.050.

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

**Sec.**  RCW 43.31.577 and 2017 3rd sp.s. c 12 s 8 are each amended to read as follows:

(1) Activities eligible for funding through the early learning facilities grant and loan program for eligible organizations include:

(a) Facility predesign grants or loans of no more than ((~~ten thousand dollars~~)) $20,000 to allow eligible organizations to secure professional services or consult with organizations certified by the community development financial institutions fund to plan for and assess the feasibility of early learning facilities projects or receive other technical assistance to design and develop projects for construction funding;

(b) Grants or loans of no more than ((~~one hundred thousand dollars~~)) $200,000 for minor renovations or repairs of existing early learning facilities or for predevelopment activities to advance a proposal from planning to major construction or renovation; ((~~and~~))

(c) Major construction and renovation grants or loans and grants or loans for facility purchases of no more than ((~~eight hundred thousand dollars~~)) $1,000,000 to create or expand early learning facilities; and

(d) Administration costs associated with conducting application processes, managing contracts, and providing technical assistance.

(2) Activities eligible for funding through the early learning facilities grant and loan program for school districts include major construction, purchase, and renovation grants or loans of no more than ((~~eight hundred thousand dollars~~)) $1,000,000 to create or expand early learning facilities that received priority and ranking as described in RCW 43.31.581.

(3) ((~~Beginning July 1, 2018, amounts~~)) Amounts in this section must be increased annually by the United States implicit price deflator for state and local government construction provided by the office of financial management.

**Sec.**  RCW 43.31.575 and 2018 c 58 s 18 are each amended to read as follows:

(1) Organizations eligible to receive funding from the early learning facilities grant and loan program include:

(a) Early childhood education and assistance program providers;

(b) Working connections child care providers who are eligible to receive state subsidies;

(c) Licensed early learning centers not currently participating in the early childhood education and assistance program, but intending to do so;

(d) Developers of housing and community facilities;

(e) Community and technical colleges;

(f) Educational service districts;

(g) Local governments;

(h) Federally recognized tribes in the state; and

(i) Religiously affiliated entities.

(2) To be eligible to receive funding from the early learning facilities grant and loan program for activities described in RCW 43.31.577 (1) (b) and (c) and (2), eligible organizations and school districts must:

(a) Commit to being an active participant in good standing with the early achievers program as defined by chapter 43.216 RCW; and

(b) Demonstrate that projects receiving construction, purchase, or renovation grants or loans ((~~less than two hundred thousand dollars~~)) must also:

(i) Demonstrate that the project site is under the applicant's control for a minimum of ten years, either through ownership or a long-term lease; and

(ii) Commit to using the facility funded by the grant or loan for the purposes of providing preschool or child care for a minimum of ten years((~~;~~

~~(c) Demonstrate that projects receiving construction, purchase, or renovation grants or loans of two hundred thousand dollars or more must also:~~

~~(i) Demonstrate that the project site is under the applicant's control for a minimum of twenty years, either through ownership or a long-term lease; and~~

~~(ii) Commit to using the facility funded by the grant or loan for the purposes of providing preschool or child care for a minimum of twenty years~~)).

(3) To be eligible to receive funding from the early learning facilities grant and loan program for activities described in RCW 43.31.577 (1) (b) and (c) and (2), religiously affiliated entities must use the facility to provide child care and education services consistent with subsection (4)(a) of this section.

(4)(a) Upon receiving a grant or loan, the recipient must continue to be an active participant and in good standing with the early achievers program.

(b) If the recipient does not meet the conditions specified in (a) of this subsection, the grants shall be repaid to the early learning facilities revolving account or the early learning facilities development account, as directed by the department. So long as an eligible organization continues to provide an early learning program in the facility, the facility is used as authorized, and the eligible organization continues to be an active participant and in good standing with the early achievers program, the grant repayment is waived.

(c) The department, in consultation with the department of children, youth, and families, must adopt rules to implement this section.

**Sec.**  RCW 43.31.569 and 2017 3rd sp.s. c 12 s 4 are each amended to read as follows:

(1) The early learning facilities revolving account and the early learning facilities development account are created in the state treasury.

(2) Revenues to the early learning facilities revolving account shall consist of appropriations by the legislature, early learning facilities grant and loan repayments, taxable bond proceeds, and all other sources deposited in the account.

(3) Revenues to the early learning facilities development account shall consist of tax exempt bond proceeds.

(4) Expenditures from the accounts shall be used, in combination with other private and public funding, for state matching funds for the planning, renovation, purchase, and construction of early learning facilities as established in RCW 43.31.573 through 43.31.583 and 43.84.092.

(5) Expenditures from the accounts are subject to appropriation and the allotment provisions of chapter 43.88 RCW.

(6) The early learning facilities revolving account shall be known as the Ruth LeCocq Kagi early learning facilities revolving account.

(7) The early learning facilities development account shall be known as the Ruth LeCocq Kagi early learning facilities development account.

**Sec.**  RCW 43.31.565 and 2017 3rd sp.s. c 12 s 3 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout ((~~chapter 12, Laws of 2017 3rd sp. sess.~~)) RCW 43.31.567 through 43.31.583:

(1) "Department" means the department of commerce.

(2) "Director" means the director of commerce.

(3) "Early learning facility" means a facility providing regularly scheduled care for a group of children one month of age through twelve years of age for periods of less than twenty-four hours.

**Sec.**  RCW 43.185.050 and 2018 c 223 s 4 are each amended to read as follows:

(1) The department must use moneys from the housing trust fund and other legislative appropriations to finance in whole or in part any loans or grant projects that will provide housing for persons and families with special housing needs and with incomes at or below fifty percent of the median family income for the county or standard metropolitan statistical area where the project is located. At least thirty percent of these moneys used in any given funding cycle must be for the benefit of projects located in rural areas of the state as defined by the department. If the department determines that it has not received an adequate number of suitable applications for rural projects during any given funding cycle, the department may allocate unused moneys for projects in nonrural areas of the state.

(2) Activities eligible for assistance from the housing trust fund and other legislative appropriations include, but are not limited to:

(a) New construction, rehabilitation, or acquisition of low and very low-income housing units;

(b) Rent subsidies;

(c) Matching funds for social services directly related to providing housing for special-need tenants in assisted projects;

(d) Technical assistance, design and finance services and consultation, and administrative costs for eligible nonprofit community or neighborhood-based organizations;

(e) Administrative costs for housing assistance groups or organizations when such grant or loan will substantially increase the recipient's access to housing funds other than those available under this chapter;

(f) Shelters and related services for the homeless, including emergency shelters and overnight youth shelters;

(g) Mortgage subsidies, including temporary rental and mortgage payment subsidies to prevent homelessness;

(h) Mortgage insurance guarantee or payments for eligible projects;

(i) Down payment or closing cost assistance for eligible first-time home buyers;

(j) Acquisition of housing units for the purpose of preservation as low-income or very low-income housing;

(k) Projects making housing more accessible to families with members who have disabilities; and

(l) Remodeling and improvements as required to meet building code, licensing requirements, or legal operations to residential properties owned and operated by an entity eligible under RCW 43.185A.040, which were transferred as described in RCW 82.45.010(3)(t) by the parent of a child with developmental disabilities.

(3) Preference must be given for projects that include an early learning facility, as defined in RCW 43.31.565.

(4) Legislative appropriations from capital bond proceeds may be used only for the costs of projects authorized under subsection (2)(a), (i), and (j) of this section, and not for the administrative costs of the department.

(5) Moneys from repayment of loans from appropriations from capital bond proceeds may be used for all activities necessary for the proper functioning of the housing assistance program except for activities authorized under subsection (2)(b) and (c) of this section.

(6) Administrative costs associated with application, distribution, and project development activities of the department may not exceed three percent of the annual funds available for the housing assistance program. Reappropriations must not be included in the calculation of the annual funds available for determining the administrative costs.

(7) Administrative costs associated with compliance and monitoring activities of the department may not exceed one-quarter of one percent annually of the contracted amount of state investment in the housing assistance program.

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