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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)

READ FIRST TIME 02/19/21.

1 AN ACT Relating to early learning facilities; and amending RCW  
2 43.31.577, 43.31.575, 43.31.569, 43.31.565, and 43.185.050.

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

4 **Sec. 1.** RCW 43.31.577 and 2017 3rd sp.s. c 12 s 8 are each  
5 amended to read as follows:

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

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

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

19 (c) Major construction and renovation grants or loans and grants  
20 or loans for facility purchases of no more than (~~eight hundred~~

1 ~~thousand dollars~~)) \$1,000,000 to create or expand early learning  
2 facilities; and

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

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

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

15 **Sec. 2.** RCW 43.31.575 and 2018 c 58 s 18 are each amended to  
16 read as follows:

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

- 19 (a) Early childhood education and assistance program providers;
- 20 (b) Working connections child care providers who are eligible to  
21 receive state subsidies;
- 22 (c) Licensed early learning centers not currently participating  
23 in the early childhood education and assistance program, but  
24 intending to do so;
- 25 (d) Developers of housing and community facilities;
- 26 (e) Community and technical colleges;
- 27 (f) Educational service districts;
- 28 (g) Local governments;
- 29 (h) Federally recognized tribes in the state; and
- 30 (i) Religiously affiliated entities.

31 (2) To be eligible to receive funding from the early learning  
32 facilities grant and loan program for activities described in RCW  
33 43.31.577 (1) (b) and (c) and (2), eligible organizations and school  
34 districts must:

- 35 (a) Commit to being an active participant in good standing with  
36 the early achievers program as defined by chapter 43.216 RCW; and
- 37 (b) Demonstrate that projects receiving construction, purchase,  
38 or renovation grants or loans (~~less than two hundred thousand~~  
39 ~~dollars~~) must also:

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

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

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

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

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

16 (3) To be eligible to receive funding from the early learning  
17 facilities grant and loan program for activities described in RCW  
18 43.31.577 (1) (b) and (c) and (2), religiously affiliated entities  
19 must use the facility to provide child care and education services  
20 consistent with subsection (4) (a) of this section.

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

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

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

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

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

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

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

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

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

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

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

23 **Sec. 4.** RCW 43.31.565 and 2017 3rd sp.s. c 12 s 3 are each  
24 amended to read as follows:

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

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

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

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

34 **Sec. 5.** RCW 43.185.050 and 2018 c 223 s 4 are each amended to  
35 read as follows:

36 (1) The department must use moneys from the housing trust fund  
37 and other legislative appropriations to finance in whole or in part  
38 any loans or grant projects that will provide housing for persons and

1 families with special housing needs and with incomes at or below  
2 fifty percent of the median family income for the county or standard  
3 metropolitan statistical area where the project is located. At least  
4 thirty percent of these moneys used in any given funding cycle must  
5 be for the benefit of projects located in rural areas of the state as  
6 defined by the department. If the department determines that it has  
7 not received an adequate number of suitable applications for rural  
8 projects during any given funding cycle, the department may allocate  
9 unused moneys for projects in nonrural areas of the state.

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

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

15 (b) Rent subsidies;

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

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

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

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

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

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

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

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

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

37 (l) Remodeling and improvements as required to meet building  
38 code, licensing requirements, or legal operations to residential  
39 properties owned and operated by an entity eligible under RCW  
40 43.185A.040, which were transferred as described in RCW

1 82.45.010(3)(t) by the parent of a child with developmental  
2 disabilities.

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

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

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

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

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

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