
ENGROSSED SUBSTITUTE SENATE BILL 6038

State of Washington

68th Legislature

2024 Regular Session

By Senate Ways & Means (originally sponsored by Senators C. Wilson, Lovelett, Keiser, Kuderer, Lias, Nguyen, Nobles, Randall, Salomon, Valdez, and Wellman)

READ FIRST TIME 02/05/24.

1 AN ACT Relating to reducing the costs associated with providing
2 child care; amending RCW 82.04.2905, 43.216.300, and 43.216.305;
3 creating a new section; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
6 performance statement for the tax preference contained in section 2,
7 chapter . . ., Laws of 2024 (section 2 of this act). This performance
8 statement is only intended to be used for subsequent evaluation of
9 the tax preferences. It is not intended to create a private right of
10 action by any party or to be used to determine eligibility for
11 preferential tax treatment.

12 (2) The legislature categorizes this tax preference as one
13 intended to provide tax relief for certain businesses or individuals,
14 as indicated in RCW 82.32.808(2)(e).

15 (3) It is the legislature's specific public policy objective to
16 reduce the costs associated with providing child care by expanding
17 the business and occupation tax exemption for child care services to
18 include income derived from the care and education of children up to
19 age 12.

1 (4) If a review finds a reduction in the cost of providing child
2 care and education, then the legislature intends to extend the
3 expiration date of this tax preference.

4 (5) In order to obtain the data necessary to perform the review
5 in subsection (4) of this section, the joint legislative audit and
6 review committee may refer to any data collected by the state.

7 **Sec. 2.** RCW 82.04.2905 and 1998 c 312 s 7 are each amended to
8 read as follows:

9 ~~((Upon))~~ (1) Except as provided in subsection (2) of this
10 section, upon every person engaging within this state in the business
11 of providing child care for periods of less than twenty-four hours
12 as to such persons), the amount of tax with respect to such business
13 ~~((shall be))~~ is equal to the gross proceeds derived from such sales
14 multiplied by the rate of 0.484 percent.

15 (2) Until January 1, 2035, this chapter does not apply to amounts
16 received by a child care provider for the care and supervision for
17 periods of less than 24 hours of children:

18 (a) Under 13 years of age; or

19 (b) Under 19 years of age who have a verified special need or are
20 under court supervision as determined by the department of children,
21 youth, and families under chapter 43.216 RCW.

22 (3) The exemption under subsection (2) of this section applies
23 only to persons primarily engaged in the business of providing child
24 care.

25 **Sec. 3.** RCW 43.216.300 and 2018 c 58 s 41 are each amended to
26 read as follows:

27 ~~((1))~~ The secretary ~~((shall))~~ may not charge fees to the
28 licensee for obtaining a child care license. ~~((The secretary may~~
29 ~~waive the fees when, in the discretion of the secretary, the fees~~
30 ~~would not be in the best interest of public health and safety, or~~
31 ~~when the fees would be to the financial disadvantage of the state.~~

32 ~~(2) Fees charged shall be based on, but shall not exceed, the~~
33 ~~cost to the department for the licensure of the activity or class of~~
34 ~~activities and may include costs of necessary inspection.~~

35 ~~(3) The secretary shall establish the fees charged by rule.)~~

36 **Sec. 4.** RCW 43.216.305 and 2021 c 304 s 14 are each amended to
37 read as follows:

1 (1) Each agency shall make application for a license or the
2 continuation of a full license to the department using a method
3 prescribed by the department. Upon receipt of such application, the
4 department shall either grant or deny a license or continuation of a
5 full license within ninety days. A license or continuation shall be
6 granted if the agency meets the minimum requirements set forth in
7 this chapter and the departmental requirements consistent with this
8 chapter, except that an initial license may be issued as provided in
9 RCW 43.216.315. The department shall consider whether an agency is in
10 good standing, as defined in subsection (4)(b) of this section,
11 before granting a continuation of a full license. Full licenses
12 provided for in this chapter shall continue to remain valid so long
13 as the licensee meets the requirements for a nonexpiring license in
14 subsection (2) of this section and may be transferred to a new
15 licensee in the event of a transfer of ownership of a child care
16 operation. The licensee, however, shall advise the secretary of any
17 material change in circumstances which might constitute grounds for
18 reclassification of license as to category. The license issued under
19 this chapter applies only to the licensee and the location stated in
20 the application. For licensed family day care homes having an
21 acceptable history of child care, the license may remain in effect
22 for two weeks after a move.

23 (2) In order to qualify for a nonexpiring full license, a
24 licensee must meet the following requirements on an annual basis as
25 established from the date of initial licensure:

26 (a) (~~Submit the annual licensing fee;~~
27 ~~(b)~~) Submit a declaration to the department indicating the
28 licensee's intent to continue operating a licensed child care
29 program, or the intent to cease operation on a date certain;

30 (~~(e)~~) (b) Submit a declaration of compliance with all licensing
31 rules; and

32 (~~(d)~~) (c) For all current employees of the agency and as
33 defined by department rule, submit background check applications into
34 the department's electronic workforce registry on the schedule
35 established by the department.

36 (3) If a licensee fails to meet the requirements in subsection
37 (2) of this section for continuation of a full license the license
38 expires and the licensee must submit a new application for licensure
39 under this chapter.

1 (4) (a) Nothing about the nonexpiring license process may
2 interfere with the department's established monitoring practice.

3 (b) For the purpose of this section, an agency is considered to
4 be in good standing if in the intervening period between monitoring
5 visits the agency does not have any of the following:

6 (i) Valid complaints;

7 (ii) A history of noncompliance related to those valid complaints
8 or pending from prior monitoring visits; or

9 (iii) Other information that when evaluated would result in a
10 finding of noncompliance with this section.

11 (c) The department shall consider whether an agency is in good
12 standing when determining the most appropriate approach and process
13 for monitoring visits, for the purposes of administrative efficiency
14 while protecting children, consistent with this chapter. If the
15 department determines that an agency is not in good standing, the
16 department may issue a probationary license, as provided in RCW
17 43.216.320.

18 NEW SECTION. **Sec. 5.** Sections 1 and 2 of this act take effect
19 October 1, 2024.

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