

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 635 Child Care and Early Learning Providers
SPONSOR(S): Appropriations Committee, Ways & Means Committee, McFarland
TIED BILLS: IDEN./SIM. **BILLS:** CS/CS/SB 820

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	22 Y, 0 N, As CS	Berg	Aldridge
2) Appropriations Committee	28 Y, 0 N, As CS	Willson	Pridgeon
3) Health & Human Services Committee			

SUMMARY ANALYSIS

The bill provides benefits and revises requirements related to child care and early learning providers.

Specifically, the bill:

- Modifies the existing exemptions from special assessments levied by municipalities to include preschools.
- Provides various tax credits for businesses who operate a child care facility or make payments to child care facilities on behalf of employees. The credit can be taken against corporate income tax, insurance premium tax, severance taxes on oil and gas production, alcoholic beverages tax, and sales tax paid by direct pay permit holders. All credits under this program cannot exceed \$5 million per fiscal year.
- Provides an exemption from licensing for certain entities operating a child care facility solely attended by its employees.
- Modifies requirements related to licensing of child care facilities by the Department of Children and Families including limitations on violations, implementation of abbreviated inspections, and requirements regarding background screening.
- Removes annual notifications that child care facilities are required to provide parents regarding influenza and leaving children in cars.
- Requires county commissions to annually affirm continued services for locally managed licensing of child care facilities.
- Clarifies cancelation and coverage from residential property insurance for large family child care homes.
- Makes conforming changes.

The Revenue Estimating Conference (REC) estimated that the bill will have no cash impact on state revenues in Fiscal Year 2024-25 due to timing provisions of the bill, but will have a -\$5 million recurring impact on General Revenue beginning in FY 2024-25. The REC estimated the impact of the bill on local government revenues to be -\$4.4 million in FY 2024-25 (-\$4.4 million recurring).

The bill takes effect on July 1, 2024, except where otherwise specified.

This bill may be a county or municipality mandate requiring a two-thirds vote of the membership of the House. See Section III.A.1 of the analysis.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Special Assessments

Present Situation

There are 67 county governments and over 400 municipal governments in Florida. Municipalities levy and collect special assessments to fund capital improvements and municipal services including but not limited to: fire protection, emergency medical services, garbage disposal, sewer improvement, street improvement and parking facilities. Small municipalities with a population fewer than 100 persons may use special assessments to fund special security and crime prevention services and facilities.¹

Property owned or occupied by a religious institution, a public or private elementary, middle, or high school, or by a governmentally financed, insured or subsidized housing facility that is used primarily for persons who are elderly or disabled is exempt from any special assessments levied by a municipality.² No specific exemption exists for preschools. There are over 8,500 licensed preschools in Florida.³

Effect of Proposed Changes

The bill exempts any public or private preschool from special assessments levied by municipalities. The bill defines a preschool as a licensed child care facility serving children under five years of age.

Tax Collections and Credits

Present Situation

Past Corporate Income Tax and Insurance Premium Tax Benefits Related to Child Care

In 1985, the Legislature adopted a deduction from net income for specified “child care facility start-up costs,” defined as expenditures for playground equipment, kitchen appliances and cooking equipment, and real property used to establish a child care facility located on the premises or within 5 miles of the employer’s location, for use exclusively by the employees of the taxpayer.⁴

In 1998, and effective for 1999 and thereafter, the Legislature replaced the deduction for child care facility start-up costs with a credit against corporate income tax or insurance premium tax for employers that opened or operated a child care facility for its employees, or which made child care payments directly to a child care facility on behalf of employees.⁵ The credit, codified in ss. 220.19 and 624.5107, F.S., was for 50 percent of the startup costs, along with \$50 per month per child for employer-provided child care, or 50 percent of child care payments made to independent child care facilities.⁶ The total benefit per corporation was limited to \$50,000 per year, and the total credits statewide were capped at \$2 million each year.⁷ Any credit unused in one year due to insufficient liability could be carried forward and used in any of the following five years.⁸

¹ Section 170.201, F.S.

² Section 170.201(2), F.S.

³ Department of Children and Families, *Child Care Provider List, 11-1-2023, available at <https://www.myflfamilies.com/sites/default/files/2023-11/Public%20-%202023-11-1%20-%20Statewide.pdf>* (last visited Jan. 17, 2024).

⁴ Ch. 85-118, L.O.F.

⁵ Ch. 98-293, L.O.F.

⁶ Sections 220.19(2)(a) and 624.5107(2)(a), F.S. (1999)

⁷ Sections 220.19(2)(b)-(c) and 624.5107(2)(b)-(c), F.S. (1999)

⁸ Sections 220.19(2)(e) and 624.5107(2)(e), F.S. (1999)

If a facility for which a taxpayer received a credit for startup costs ceased operation within the first five years, a pro rata share of the credit was required to be repaid.⁹ Eligible child care facilities had to fall within the statutory definition found in s. 402.302, F.S., and had to be licensed in accordance with s. 402.305, F.S., or had to be a facility providing daily care to children who were mildly ill.¹⁰ The child care services must have been available to all employees, or allocated on a first-come, first-served basis.¹¹

The Department of Revenue was authorized to adopt rules for the credit program, and was required to approve or disapprove applications for the program in writing.¹² All approvals required verification by the Department of Children and Family Services or the local licensing agency that the facility qualified for the credit program.¹³

The program expired June 30, 2008,¹⁴ other than the section related to carryover of unused tax credits and the section requiring pro rata repayment if a facility ceased operations within five years, which remain in statute.¹⁵

Corporate Income Tax

Florida imposes a 5.5 percent tax on the taxable income of certain corporations and financial institutions doing business in Florida.¹⁶ Corporate income tax is remitted to the Department of Revenue (DOR) and distributed to General Revenue. Net collections of corporate income tax in Fiscal Year 2022-2023 were \$5.21 billion.¹⁷

Insurance Premium Tax

Florida imposes a 1.75 percent tax on most Florida insurance premiums.¹⁸ Insurance premium taxes are paid by insurance companies under ch. 624, F.S., and are remitted to the DOR. These revenues are distributed to General Revenue with additional distributions to the Insurance Regulatory Trust Fund, the Police & Firefighters Premium Tax Trust Fund, and the Emergency Management Preparedness & Assistance Trust Fund. Net collections of insurance premium taxes in Fiscal Year 2022-2023 were \$1.38 billion with distributions to General Revenue of \$1.05 billion.¹⁹

Severance Taxes on Oil and Gas Production

Oil and gas production severance taxes are imposed on persons who sever oil or gas in Florida for sale, transport, storage, profit, or commercial use.²⁰ These taxes are remitted to the DOR and distributed to General Revenue with additional distributions to the Minerals Trust Fund and to the counties where production occurred. Receipts from the severance taxes on oil and gas were \$3.2 million in Fiscal Year 2022-2023 with distributions to General Revenue of \$2.0 million.²¹

⁹ Sections 220.19(2)(f) and 624.5107(2)(f), F.S. (1999)

¹⁰ Sections 220.19(3)(a) and 624.5107(3)(a), F.S. (1999)

¹¹ Sections 220.19(3)(b) and 624.5107(3)(b), F.S. (1999)

¹² Sections 220.19(5) and 624.5107(5), F.S. (1999)

¹³ Sections 220.19(5)(c) and 624.5107(5)(c), F.S. (1999)

¹⁴ Sections 220.19(6) and 624.5107(6), F.S. (1999)

¹⁵ Sections 220.19 and 624.5107, F.S.

¹⁶ Sections 220.11(2) and 220.63(2), F.S.

¹⁷ Office of Economic and Demographic Research, Memo, July 31, 2023, available at http://edr.state.fl.us/Content/conferences/generalrevenue/CITNetCollections_FY2022-23.pdf (last visited Jan 18, 2024).

¹⁸ Section 624.509, F.S. (Different tax rates apply to wet marine and transportation insurance, self-insurance, and annuity premiums.)

¹⁹ Florida Revenue Estimating Conference, 2023 Florida Tax Handbook (Oct. 2023), p. 117, available at <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Jan. 18, 2024).

²⁰ Sections 211.02(1) and 211.025, F.S.

²¹ Florida Revenue Estimating Conference, 2023 Florida Tax Handbook (Oct. 2023), p. 185, available at <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Jan. 18, 2024).

Alcoholic Beverage Taxes

Florida imposes excise taxes on malt beverages, wines, and other beverages.²² The taxes are due from manufacturers, distributors and vendors of malt beverages, and from manufacturers and distributors of wine, liquor, and other specified alcoholic beverages. Taxes are remitted to the Division of Alcoholic Beverages and Tobacco (Division) in the Department of Business and Professional Regulation (DBPR).

The Division is responsible for supervising the conduct, management, and operation of the manufacturing, packaging, distribution, and sale of all alcoholic beverages in Florida.²³ Distributions of the excise taxes on alcoholic beverages are made to the General Revenue Fund, the Alcoholic Beverage and Tobacco Trust Fund, and Viticulture Trust Fund. Collections of alcoholic beverage taxes were \$317.4 million in Fiscal Year 2022-2023 with distributions to General Revenue of \$311.9 million.²⁴

Sales Taxes Paid by Direct Pay Permit Holders

Section 212.183, F.S., authorizes the DOR to establish a process for the self-accrual of sales taxes due under ch. 212, F.S. The process involves the DOR granting a direct pay permit to a taxpayer, who then pays the taxes directly to the DOR.²⁵

Effect of Proposed Changes

The bill creates s. 402.261, F.S., Child Care Tax Credits. This program provides tax credits to businesses that incur costs related to specified child care services provided for their employees. The credits are generally a dollar-for-dollar credit against certain tax liabilities, up to a maximum amount per cost type and per taxpayer.

The tax credit can be taken against the business's liability for several state taxes, including:

- Corporate income tax;
- Insurance premium tax;
- Severance taxes on oil and gas production;
- Alcoholic beverage tax on beer, wine, and spirits; or
- Self-accrued sales tax liability of direct pay permit holders.

The bill provides for a credit for one or more of the following, capped as noted below:

- A credit of 50 percent of the startup costs of a child care facility for children or grandchildren that is operated by the corporate for the benefit of its employees.
 - This credit is capped in an inverse proportion to the other two credits below, to allow smaller companies a larger share of credit for investment in a childcare facility:

Number of Employees	Maximum Credit per Taxable Year
1-19	\$1,000,000
20-250	\$500,000
More than 250	\$250,000

- An additional credit is allowed for the operation of the facility in the amount of \$300 per month for each child or grandchild of an employee enrolled in the facility. Such a facility must be

²² Sections 563.05, 564.06, and 565.12, F.S.

²³ Section 561.02, F.S.

²⁴ Florida Revenue Estimating Conference, *2023 Florida Tax Handbook* (Oct. 2023), p. 44, available at <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Jan. 18, 2024).

²⁵ Section 212.183, F.S., and rule 12A-1.0911, F.A.C. Direct pay permit holders include: dealers who annually make purchases in excess of \$10 million per year in any county; dealers who annually purchase at least \$100,000 of tangible personal property, including maintenance and repairs for their own use; dealers who purchase promotional materials whose ultimate use is unknown at purchase; eligible air carriers, vessels, railroads, and motor vehicles engaged in interstate and foreign commerce; and dealers who lease realty from a number of independent property owners.

available to all employees or must be allocated on a first-come, first-served basis and must be used by employees of the corporation. Such a facility may be jointly established and operated by two or more corporations.

- This credit is capped as follows:

Number of Employees	Maximum Credit per Taxable Year
1-19	\$50,000
20-250	\$500,000
More than 250	\$1,000,000

- A credit for 100 percent of the child care payments made to an outside child care facility in the name of and for the benefit of an employee of the corporation whose child or grandchild attends the facility. The credit is limited to a maximum of \$3,600 per child, per year, and the amount for which a credit is claimed may not exceed the amount charged by the facility for other children of like age and ability who are not the children of employees of the corporation.

- This credit is capped as follows:

Number of Employees	Maximum Credit per Taxable Year
1-19	\$50,000
20-250	\$500,000
More than 250	\$1,000,000

A business can qualify in all three categories depending on the services provided by the business during the applicable year, and the total available to the business is the total of the applicable caps listed above.

To qualify for any of the categories, the child care facility operated by the business or paid by the business must be an eligible child care facility, meaning that it must either be licensed under s. 402.305, F.S., or be exempt from licensure under s. 402.316, F.S.

The total statewide credit amount that can be approved for all applications is \$5 million per year.

The program retains the five-year carryforward from the original 1998 credit, as well as the pro rata repayment provision for any child care facility that does not operate for a full five years after receiving a credit.

The bill also adopts the following administrative and conforming provisions:

The bill allows taxpayers to make application for the tax credits beginning October 1, 2024, and outlines the requirements of the application process to be developed by the Department of Revenue (DOR), priority of applications, timelines for review of applications with notices of approval or denial, and provides the DOR with rulemaking authority.

The bill creates s. 211.0254, F.S., to allow a child care tax credit beginning January 1, 2025, against any tax due for oil and gas production under ss. 211.02 and 211.025, F.S. The bill provides a limitation on the total credit that may be taken on a return in tandem with the existing credit for contributions to scholarship funding organizations, for the New Worlds Reading Initiative, and for other charitable organizations, and provides priorities when other tax credits are being taken.

The bill creates s. 212.1835, F.S., to allow a child care tax credit beginning January 1, 2025, against any sales tax imposed from a direct pay permit holder and provides certain requirements included filing and paying taxes electronically.

The bill modifies s. 220.19, F.S., to allow for child care tax credits against corporate income tax for taxable years beginning on or after January 1, 2025, as permitted under s. 402.261, F.S., created by the bill, and to provide requirements and limitations regarding those tax credits.

The bill creates s. 561.1214, F.S., to allow child care tax credits beginning January 1, 2025, for any excise tax due for beer, wine, and liquor, except for excise taxes imposed on wine produced by manufactures in the state from products grown in the state. The credit allowed may not exceed 90 percent of the tax due on the return which the credit is taken.

The bill modifies s. 624.5107, F.S., to allow a child care tax credit for taxable years beginning on or after January 1, 2025, for any excise tax on insurance premiums due under s. 624.509, F.S. and to provide restrictions on the credit.

The bill modifies s. 624.509, F.S., to include child care tax credits under s. 624.5107, F.S. related to premium tax on insurers and to provide an order in which deductions may be taken.

Finally, the bill provides the DOR with authority to adopt emergency rules to implement the bill and allow any emergency rules to be effective for six months following adoption and may be renewed. The provision is effective upon becoming law and expires on July 1, 2025.

Child Care Licensing and Personnel

Present Situation

The child-care licensing program is a component of the services provided by the Department of Children and Families (DCF). The program is accountable for the statewide licensure of Florida's child-care facilities, specialized child-care facilities for the care of mildly ill children, large family child-care homes, and licensure or registration of family day care homes. The purpose of the program is to ensure a healthy and safe environment for the children in child-care settings and to improve the quality of their care. The DCF ensures that licensing requirements are met through on-going inspections of child-care facilities and homes.²⁶

Florida law provides for any county whose licensing standards meet or exceed the state minimum standards to designate by ordinance, a local licensing agency in the county. A county choosing not to administer its own child-care licensing programs, or whose minimum standards do not exceed state minimum standards, is licensed by DCF.²⁷

Currently, DCF child-care licensing staff are responsible for the inspection and licensure of child-care facilities and homes in 63 out of 67 counties. Four counties have elected to regulate licensing of child-care facilities and homes, those counties are Broward, Palm Beach, Pinellas, and Sarasota.²⁸

The DCF establishes minimum standards for child care personnel that include minimum requirements for good moral character based upon background screening.²⁹ This screening must be conducted using the level 2 standards for screening which include employment history checks, a search of criminal history records, sexual predator and sexual offender registries, and the child abuse and neglect registry of any state in which the current or prospective child care personnel resided during the preceding 5 years.³⁰

²⁶ DCF, *About Child Care Licensure*, <https://www.myflfamilies.com/services/child-family/child-care/about-child-care-licensure> (last visited Jan 18, 2024).

²⁷ Section 402.306, F.S.

²⁸ DCF, *About Child Care Licensure*, <https://www.myflfamilies.com/services/child-family/child-care/about-child-care-licensure> (last visited Jan 18, 2024).

²⁹ Section 405.305(15), F.S.

³⁰ Section 435.04, F.S.

The DCF also establishes minimum training requirements for child care personnel. The DCF has adopted the Child Care Facility Handbook to describe these requirements in detail.³¹ The minimum standards for training must ensure that all child care personnel take an approved 40-clock-hour introductory course in child care covering the following topic areas:³²

- State and local rules and regulations which govern child care.
- Health, safety, and nutrition.
- Identifying and reporting child abuse and neglect.
- Child development, including typical and atypical language, cognitive, motor, social, and self-help skills development.
- Observation of developmental behaviors, including using a checklist or other similar observation tools and techniques to determine the child's developmental age level.
- Specialized areas, including computer technology for professional and classroom use and early literacy and language development of children from birth to 5 years of age, as determined by the DCF, for owner-operators and child care personnel of a child care facility.
- Developmental disabilities, including autism spectrum disorder and Down syndrome, and early identification, use of available state and local resources, classroom integration, and positive behavioral supports for children with developmental disabilities.³³

The DCF is required to evaluate or contract for an evaluation to determine the status of and means to improve staff training requirements and testing procedures. The evaluation must be conducted every 2 years. The evaluation must include, but is not be limited to, determining:³⁴

- The availability, quality, scope, and sources of current staff training.
- The need for specialty training.
- Ways to increase in-service training.
- Ways to increase the accessibility, quality, and cost-effectiveness of current and proposed staff training.

The DCF also establishes minimum standards for:

- Sanitary and safety conditions, first aid treatment, emergency procedures, and pediatric cardiopulmonary resuscitation. The minimum standards must require that at least one staff person trained in cardiopulmonary resuscitation, as evidenced by current documentation of course completion, must be present at all times that children are present.³⁵
- Admissions and recordkeeping. Each year, each child care facility must provide parents of children enrolled in the facility detailed information regarding:
 - The causes, symptoms, and transmission of the influenza virus and the importance of immunizing their children.
 - The potential for a distracted adult to fail to drop off a child at the facility and instead leave the child in the adult's vehicle upon arrival at the adult's destination.³⁶

Each child care facility is required to have a plan of activities which must ensure that each child care facility has and implements a written plan for the daily provision of varied activities and active and quiet play opportunities appropriate to the age of the child.³⁷

DCF is required to develop minimum standards for specialized child care facilities for the care of mildly ill children.³⁸

Effect of Proposed Changes

³¹ Florida Department of Children and Families, *Child Care Facility Handbook, October 2021*, available at https://www.myflfamilies.com/sites/default/files/2022-12/FacilityHandbook_0.pdf (last visited Jan. 18, 2024).

³² *Id.*

³³ Section 402.305, F.S.

³⁴ Section 402.305(2), F.S.

³⁵ Section 402.305(7), F.S.

³⁶ Section 402.305(9), F.S.

³⁷ Section 402.305(13), F.S.

³⁸ Section 402.305(17), F.S.

The bill amends s. 402.305, F.S., to modify minimum standards for child care facilities licensing standards. Specifically, the bill:

- Modifies the licensing standards to allow the DCF to create up to three classification levels for violations that relate directly to the health and safety of a child. The bill specifies that a class three violation is the least serious in nature and must be the same incident of noncompliance that occurs at least three times within a 2 year period.
- The bill requires the DCF to complete the background screening for personnel and provide results to the child care facility within five business days. Upon failure to do so, the bill requires the DCF to issue the current or prospective child care personnel a 45-day provisional hire status while all required information is being requested and the DCF is awaiting results. During the 45-day period, the current or prospective child care personnel must be under the direct supervision of a screened and trained staff member when in contact with children.
- Requires the 40-clock-hour introductory course in child care that must be taken by child care personnel include online training coursework that will meet minimum training standards for child care personnel and provided at no cost by the DCF.
- Clarifies that the child care personnel competency examination will be either in-person or online.
- Removes “an interdisciplinary approach to the study of children” as a requirement for the introductory course in child care.
- Limits periodic health examinations to child care facility drivers.
- Removes obsolete language related to pagers and beepers related to drop-in child care.
- Removes a requirement of child care facilities to provide parents with information related to flu shots in the months of August and September.
- Removes a requirement of child care facilities to provide parents during the months of April and September with information related to leaving children in a vehicle.
- Adds a requirement that minimum safety standards must include at least one staff person trained in person in cardiopulmonary resuscitation who is present at all time children are present;
- Removes a requirement for a program to be implemented periodically by a child care facility to assist in preventing and avoiding physical and mental abuse.
- Removes a requirement for the DCF to develop standards for specialized child care facilities for the care of mildly ill children.

The bill modifies s. 402.306, F.S., regarding local licensing to require each county commission to affirm by majority vote annually the decision to designate a local agency for child care licensing.

The bill modifies s. 402.3115, F.S., to include family day care homes and large family child care homes in the DCF’s plan to eliminate duplicative and unnecessary inspections of child care facilities and further defines that the DCF will implement the plan for a facility that meets the following conditions:

- Have been licensed for at least two consecutive years.
- Have not had a Class I violation for at least two consecutive years.
- Have not had more than three of the same Class 2 violations for at least two consecutive years.
- Have received at least two full onsite renewal inspections in the most recent two years.
- Do not have any current uncorrected violations.
- Do not have any open regulatory complaints or active child protective service investigations.

The bill requires the abbreviated inspection plan to be updated every five years to maintain the validity and effectiveness of inspections and requires DCF to adopt rules and policies based on the recommendation of the required reporting.

The bill modifies s. 402.316, F.S. to provide an exemption from licensing, except for screening of personnel, for a taxpayer operated child care facility which is only attended by children who meet the definition of an eligible child under s. 402.261, F.S., as long as such facility is accredited by an organization with publishes and requires compliance with its standards for health, safety, and sanitation and meets all local health, sanitation, and safety standards.

The bill modifies s. 1002.59, F.S. to update cross references.

Insurance

Present Situation

Homeowners' insurance is a specific type of property insurance. Homeowners' insurance covers damage or loss by theft and against perils which can include fire, and storm damage. It also may insure the owner for accidental injury or death for which the owner may be legally responsible. Mortgage lenders usually require homeowners' insurance as part of the mortgage terms.³⁹

While homeowners' insurance can specifically refer to the insurance of a house, it also encompasses the insurance of other types of structures associated with personal residences, including tenants (renters) and condominium unit owners.⁴⁰

Florida recognizes that family day care homes fulfill a vital role in providing child care and that residential property insurance coverage should not be canceled, denied, or fail to be renewed solely on the basis of the family day care services at the residence. The potential liability of residential property insurers is substantially increased by the operation of child care services on the premises. Contractual liabilities that arise in connection with the operation of the family day care home are excluded from residential property insurance policies unless they are specifically included in such coverage.⁴¹

In addition to family day care services, there are also over 400 large family day care services in Florida.⁴² A large family day care home is an occupied residence in which child care is regularly provided for children from at least two unrelated families where there is payment for the care provided and which has at least two full-time child care personnel on the premise during hours of operation.⁴³ The insurance protections for family day care homes do not extend to large family day care homes.⁴⁴

Effect of Proposed Changes

The bill modifies s. 627.70161, F.S., to add specific language to include large family child care homes to existing law to prevent cancelation of the residential property insurance solely on the basis of offering those services at a residence, and to include "large family child care homes" in language stating the liabilities arising out of such services are excluded from property insurance policies specifically included in that coverage. The bill provides a definition of "large family child care home," which is consistent with the definition in law.

B. SECTION DIRECTORY:

- Section 1: Amends s. 170.201, F.S., exempting preschools from special assessments.
- Section 2: Creates s. 211.0254, F.S., relating to a new credit for employer's costs related to providing child care.
- Section 3: Creates s. 212.1835, F.S., relating to a new credit for employer's costs related to providing child care.
- Section 4: Amends s. 220.19, F.S., relating to a new credit for employer's costs related to providing child care.
- Section 5: Creates s. 402.261, F.S., related to a new credit for employer's costs related to providing childcare.
- Section 6: Amends s. 402.305, F.S., relating to licensing of child care facilities.
- Section 7: Amends s. 402.306, F.S., requiring annual approval of local licensing agencies.
- Section 8: Amends s. 402.3115, F.S., revising inspection requirements for child care facilities.

³⁹ Florida Office of Insurance Regulation, *Homeowners' Insurance*, available at <https://foir.com/Sections/PandC/Homeowners/default.aspx> (last visited Jan. 18, 2024).

⁴⁰ *Id.*

⁴¹ Section 627.70161, F.S.

⁴² Department of Children and Families, *Child Care Provider List, 1-11-2024*, available at <https://www.myflfamilies.com/sites/default/files/2023-03/Public%20-%202023-3-1%20-%20Statewide.pdf> (last visited Jan. 18, 2024).

⁴³ Section 402.302(11), F.S.

⁴⁴ Section 627.70161, F.S.

- Section 9: Amends s. 402.316, F.S., exempting certain employer-operated child care facilities from certain regulations other than personnel screening.
- Section 10: Creates s. 561.1214, F.S., relating to a new credit for employer's costs related to providing child care.
- Section 11: Amends s. 624.5107, F.S., relating to a new credit for employer's costs related to providing child care.
- Section 12: Amends s. 624.509, F.S., providing a conforming change.
- Section 13: Amends s. 627.70161, F.S., relating to insurance of large family child care homes.
- Section 14: Amends s. 1002.59, F.S., revising cross-references.
- Section 15: Provides emergency rulemaking authority to the Department of Revenue.
- Section 16: Provides an effective date of July 1, 2024, except as otherwise provided in the bill.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference estimated the tax credit provisions of the bill to have no first-year cash impact on state revenues in FY 2024-25 due to timing provisions of the bill, but that there would be a recurring negative impact of -\$5 million on General Revenue beginning in FY 2024-25.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference estimated the provision limiting the abilities of municipalities to collect special assessments under s. 170.201, F.S., to have a recurring negative impact on local government revenues of -\$4.4 million in FY 2024-25.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Unknown.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, section 18, of the Florida Constitution may apply because this bill reduces the ability of local governments to levy special assessments on preschools. This bill does not appear to qualify under any exemption or exception. If the bill does qualify as a mandate, final passage must be approved by two-thirds of the membership of each house of the Legislature.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill authorizes the Department of Revenue to adopt emergency rules and permanent rules to administer the tax credit provisions of the bill. The bill also requires the Department of Children and Families to adopt rules related to inspections of child care facilities.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On January 22, 2024, the Ways & Means Committee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The strike-all amendment:

- Added a safety requirement for child care facilities to require that at all times when children are present, at least one staff person has received in-person CPR training;
- Clarified that the licensing exemption for employer-provided childcare is limited to facilities that provide educational programs that are accredited by organizations which require meeting specified health, safety, and sanitation standards
- Restored a provision of current law allowing for informal health and immunization records for drop in child care services; and
- Made technical and conforming changes.

On February 20, 2024, the Appropriations Committee adopted an amendment and reported the bill favorably as a committee substitute. The amendment modified child care licensing standards to allow the DCF to create up to three classification levels for violations that relate directly to the health and safety of a child and specified that a class three violation is the least serious in nature and must be the same incident of noncompliance that occurs at least three times within a 2 year period.

The analysis is drafted to the committee substitute adopted by the Appropriations Committee.