

HB 1175 - SB 1379

FISCAL MEMORANDUM



Fiscal Review Committee
Tennessee General Assembly

March 18, 2025

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SUMMARY OF BILL AS AMENDED (005969): Requires a local education agency (LEA) in which a child care agency operates to submit a comprehensive list of all underutilized property or vacant property to the Department of Human Services (DHS) and the Comptroller of the Treasury (COT) and for the department to make the list available to each child care agency operating in the LEA.

Grants a child care agency that operates in an LEA a first or second right of refusal, depending on the circumstances, to lease or purchase underutilized or vacant property listed by the LEA at or below fair market value. Establishes conditions and responsibilities for the maintenance and repair of a child care agency leased from an LEA.

Authorizes a child care agency to petition the COT for an audit of the list of all underutilized property or vacant property submitted by the LEA in which the child care agency operates. Authorizes a host school's fire inspection and facilities to be sufficient to meet the requirements for a child care agency's provisional license under the DHS.

Classifies a child care family home for certain purposes, including zoning and building codes. Prohibits a local governing authority from imposing stricter requirements than those established by the Division of Fire Prevention or additional regulations that do not apply to other residential properties on a child care family home.

FISCAL IMPACT OF BILL AS AMENDED:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 49-13-136(c)(2), LEAs in which one or more public charter schools operate are required to submit a list of underutilized or vacant property to the DOE and the COT.
- Requiring LEAs to also submit such list to the DHS and the COT if one or more child care agencies operate in the district can be absorbed utilizing existing staff and resources, with no increase in local expenditures.
- The DHS will make the list of underutilized or vacant property available to child care agencies with existing staff and resources; any impact to state expenditures is not significant.

- The COT will be able to conduct a requested audit by a child care agency for the listing of underutilized or vacant property within existing resources such that any fiscal impact is estimated to be not significant.
- The proposed legislation authorizes a child care agency that is operating in an LEA:
 - That does not have one or more public charter schools operating within its geographic boundaries, the right of first refusal to purchase vacant property or lease underutilized or vacant property at or below fair market value for child care use; and
 - That does have one or more public charter schools operating in the LEA, a second right of refusal to purchase vacant property or lease underutilized or vacant property.
- It is unknown how many LEAs will lease or sell underutilized or vacant properties to child care agencies and subsequently lose the market value that could have been recovered otherwise. This may result in an undetermined decrease in local revenue. However, any such decrease is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 71-3-502(d):
 - A person or entity that does not have an existing license to operate a child care agency may apply for a provisional license in order to permit the license applicant to begin the operation of a child care agency after meeting certain minimum requirements; and
 - An applicant for a child care agency may receive a provisional license upon the presentation of certain satisfactory evidence, including that that the facility that is proposed for the care of children has received fire safety and environmental safety approval.
- The proposed legislation authorizes a host school's fire inspection and facilities to be sufficient to meet DHS' requirements for a child care agency's provisional license. Per the legislation, a "host school" is a public or private school that has a child care agency or early learning program operating at the school, but that is not affiliated with such school.
- It is not expected that the proposed legislation will result in a significant increase in provisional licenses issued in the state.
- DHS will be able to update their policies to comply with the changes to provisional licensure within existing resources such that any fiscal impact is estimated to be not significant.
- The proposed legislation requires a local governing authority to:
 - Classify a child care family home as a residential property in the application of local regulations for the purposes of:
 - Zoning,
 - Land use development, and
 - Sanitation.; and
 - Apply the standards adopted by the State Fire Marshall pursuant to a child care family home for the following:
 - Fire and life safety standards; and
 - Applicable building codes.
- A prospective child care agency will be able to comply with all applicable codes and regulations and will bear the cost of any related compliance such that any fiscal impact to local government is estimated to be not significant.

- The proposed legislation also prohibits local governing authorities from imposing stricter requirements than those established by the Division of Fire Prevention or adding regulations that do not apply to other residential properties on a child care family home.
- Local governing authorities will be able to comply with the prohibition such that any fiscal impact is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic" followed by the initials "VH". The signature is written in a cursive, fluid style.

Bojan Savic, Executive Director