

# FINAL BILL REPORT

## SB 6259

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**C 154 L 04**  
Synopsis as Enacted

**Brief Description:** Extending the restriction on local government taxation of internet services.

**Sponsors:** Senators Schmidt, Poulsen, Esser, Prentice and Eide.

**Senate Committee on Technology & Communications**

**House Committee on Technology, Telecommunications & Energy**

**House Committee on Finance**

**Background:** Internet service providers, or ISPs, provide their customers access to the Internet. In 1997, the Legislature prohibited cities and towns from imposing any new taxes or fees on ISPs. The Legislature did permit, however, cities and towns to levy a business tax on ISPs if the rate did not exceed the rate applied to a general service classification.

The state prohibition on new ISP taxes was originally set to expire in July 1999, but it was extended in 2002 to July 1, 2004.

In 1998, Congress temporarily prohibited state and local governments from imposing any new taxes on Internet access or other multiple or discriminatory taxes on electronic commerce. The prohibition expired on November 1, 2003. The U.S. House and Senate are currently considering a permanent prohibition.

**Summary:** The prohibition on a city or town imposing any new taxes or fees on Internet service providers is extended to July 1, 2006.

**Votes on Final Passage:**

Senate 47 1  
House 96 0

**Effective:** June 10, 2004