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**SENATE BILL 5425**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senators Ericksen and Dansel

AN ACT Relating to providing a sales and use tax exemption for qualified broadband equipment; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; and creating new sections.

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

NEW SECTION. **Sec.**  Much like electricity in the beginning of the twentieth century, the legislature finds that broadband telecommunications service is becoming necessary for everyday life. It is a transforming technology that can provide many useful services, such as: Speedy access to government, commercial, and educational information; efficient delivery of healthcare services; removal of educational disadvantages; and efficient use of energy resources. The legislature also finds that there are areas in the state that do not have access to broadband telecommunications service, and that the state should work with federal programs to alleviate this problem.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preference contained in section 3 of this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to expand broadband telecommunications service in underserved areas of Washington, as indicated in RCW 82.32.808(2)(f).

(3) It is the legislature's specific public policy objective to expand access to broadband telecommunications service in underserved areas of Washington. It is the legislature's intent to exempt from the tax levied by RCW 82.08.020 telecommunications machinery and equipment, or tangible personal property that becomes an ingredient or component of telecommunications machinery and equipment, thereby increasing the ability of these firms to invest in and expand their broadband networks in underserved areas of Washington.

(4) If a review finds that the number of consumers receiving broadband telecommunications service in underserved areas of Washington has increased by ten percent in ten years compared to the number of consumers receiving such service at the time of enactment, then the legislature intends to extend the expiration date of the tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to data provided by the Washington utilities and transportation commission.

NEW SECTION. **Sec.**  A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of qualified broadband equipment used to provide retail broadband service to underserved areas in the state, if the equipment is purchased by incumbent local exchange carriers that are identified by the Washington utilities and transportation commission as receiving assistance under the federal connect America fund for high-cost areas in the state.

(2) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Qualified broadband equipment" means telecommunications network transmission equipment located in the state that is necessary for the provision of retail communications service by wire or radio with the capability to transmit data to and receive data from substantially all internet endpoints with minimum speeds of ten Mbps downstream and one Mbps upstream.

(b) "Underserved area" means United States census blocks designated by the Washington utilities and transportation commission as having either no broadband access or limited broadband access based on data utilized by the federal communications commission in determining high-cost areas for assistance under the federal connect America fund.

NEW SECTION. **Sec.**  A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply to the use of qualified broadband equipment, or to the use of tangible personal property that becomes an ingredient or component of qualified broadband equipment.

(2) The definitions in section 3 of this act apply to this section.

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