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## Finance Committee

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### HB 2389

**Brief Description:** Concerning a tax levied and collected on the retail sale of wireless devices used to access the internet.

**Sponsors:** Representatives Sawyer, Lytton, Tarleton, Doglio and Stonier.

#### Brief Summary of Bill

- Levies a 40 cent tax on each retail sale in the state of a wireless device used to access the internet.
- Dedicates the revenue of the new tax to the Washington Internet Crimes Against Children Account.

**Hearing Date:** 1/12/18

**Staff:** Richelle Geiger (786-7139).

#### Background:

State excise taxes assessed on the retail sale of wireless telecommunication devices.

The State has the authority to assess excise taxes and fees on the retail sale of tangible personal property and some services. A retail sale is defined as a sale to the final consumer or end user of the property. Two state excise taxes apply to the retail sale of wireless telecommunication devices under current law.

The state retail sales tax is imposed on retail sales of most articles of tangible personal property and some services, including the sale of wireless telecommunication devices. The state retail sales tax rate is 6.5 percent and the revenue is deposited in the State General Fund.

The state Enhanced 911 (E911) tax is collected on each retail transaction of prepaid wireless telecommunication products and services, including prepaid wireless phone cards and cell phones bundled with prepaid service. The state rate is 25 cents on each retail transaction of

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prepaid wireless products and services, or 25 cents per month for monthly services. The state E911 tax funds the enhanced 911 telephone system.

Washington Internet Crimes Against Children Account.

The Washington Internet Crimes Against Children Account was established by the Legislature in 2015. The account must be used exclusively by the Washington Internet Crimes Against Children Task Force and its affiliate agencies for combating Internet-facilitated crimes against children, promoting education on Internet safety to the public and to minors, and rescuing child victims from abuse and exploitation.

**Summary of Bill:**

A 40 cent tax is levied on each retail sale in the state of a wireless device used to access the Internet. "Wireless devices used to access the Internet" include smartphones, laptops, tablets, and other devices used to access the Internet. The revenue generated by this tax must be deposited in the Washington Internet Crimes Against Children Account.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.