
Finance Committee

HB 1793

Brief Description: Funding digital equity by imposing a tax on certain wireless devices.

Sponsors: Representatives Gregerson, Berg, Street, Reed, Ramel and Ormsby.

Brief Summary of Bill

- Imposes a \$2 excise tax on each retail sale of smart wireless device with a selling price of more than \$250.
- Directs proceeds from the excise tax into the newly created learning device and technology account.

Hearing Date: 2/22/23

Staff: Tracey Taylor (786-7152).

Background:

Retail Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 4.0 percent, depending on the location.

Digital Equity Planning Grant Program.

In 2022 the Legislature established a Digital Equity Planning Grant Program (Planning Grant Program) in the Department of Commerce (Commerce) to provide grants to local governments,

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

institutions of higher education, workforce development councils, or other entities to fund the development of a digital equity plan for a discrete geographic region of the state.

Commerce must evaluate and rank applications using both objective and subjective criteria. Priority must be given for applications accompanied by express support from certain nonprofit organizations, public development authorities, federally recognized Indian tribes, or other community partners that intend to use community-based participatory action research methods. Commerce must also consider input from the Forum in awarding grants and how the grants awarded would increase the amount of prekindergarten through grade 12 students gaining greater access to digital inclusion. Commerce must develop criteria for the contents of digital equity plans and may adopt rules as necessary to implement the Planning Grant Program.

Technology Grants.

Subject to state funding, the Office of the Superintendent of Public Instruction (OSPI) must develop and administer a technology grant program to advance the following objectives: (1) attain a universal 1:1 student to learning device ratio; (2) expand technical support and training of school and district staff in using technology to support student learning; and (3) develop district-based and school-based capacity to assist students and their families in accessing and using technology to support student learning.

The term "learning device" is defined as an Internet-accessible computer, tablet, or other device, with an appropriate operating system, software applications, and data security, that can be used to access curricula, educational web applications and websites, and learning management systems, and with telecommunications capabilities sufficient for videoconferencing.

The following entities, individually or in cooperation, may apply to the OSPI for a technology grant: a public school, including charter schools and state-tribal compact schools; a school district; an educational service district; the Washington Center for Deaf and Hard of Hearing Youth; and the state School for the Blind.

At a minimum, grant applications must include: (1) the applicant's technology plan for accomplishing the goals of the grant program, the applicant's student demographics, including the percent of students eligible for free and reduced-price meals, and any specialized technology needs of the applicant's students, such as students with disabilities and English learners who may need adaptive or assistive technologies; and (2) a description of pre-existing programs and funding sources used by the applicant to provide learning devices to students, staff, or both.

When ranking and selecting applicants, the OSPI must prioritize both of the following: (1) applicants without pre-existing programs to provide a device for every student and 30 percent or more students must be eligible for free and reduced-price meals; and (2) applicants with students who have specialized technology needs.

Summary of Bill:

An excise tax on the retail sale of a smart wireless device with a selling price of more than \$250 is imposed. The amount of the tax is \$2 per smart wireless device and must be paid by the buyer. The seller must collect and remit the tax to the Department of Revenue. A "smart wireless device" means any type of instrument, device, machine, or equipment that is capable of wireless access to the internet, including, but not limited to, smart phones, laptop computers, tablets, wearable devices, smart speakers, gaming consoles, smart gyms, and smart televisions.

The proceeds of the tax must be deposited into the newly created learning device and technology account. Expenditures from the account must be used for digital equity planning grants and technology grants.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2024.