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## Finance Committee

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### HB 1517

**Brief Description:** Providing a revenue stream to fund digital equity programs.

**Sponsors:** Representatives Gregerson, Ryu, Doglio, Peterson, Reed, Ormsby, Parshley, Macri and Hill.

#### Brief Summary of Bill

- Imposes a \$2 excise tax on each retail sale of a smart wireless device with a selling price of more than \$250.
- Directs proceeds from the excise tax into the state digital equity account.
- Directs a quarterly transfer of 30 percent of excise tax revenues to a newly created learning device and technology account.

**Hearing Date:** 2/18/25

**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 are not collected when the user acquires the property, digital product, or service, 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 4.1 percent, depending on the location.

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Digital Equity Account.

The Digital Equity Account (DEA) was created in 2022. The Legislature may appropriate moneys in the account only for the purposes of the Equity Opportunity Program and the Planning Grant Program.

**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 Digital Equity Account.

Each quarter, the State Treasurer must transfer 30 percent of the revenue collected from the wireless excise tax into the newly created learning device and technology account. The learning device and technology account is subject to appropriation and must be used for the Digital Equity Opportunity Program and the digital citizenship, internet safety, and media literacy program.

**Appropriation:** None.

**Fiscal Note:** Requested on January 22, 2025.

**Effective Date:** The bill contains an emergency clause and takes effect on June 1, 2025.