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By Representatives Reed, Parshley, Hill, Thomas, Ryu, Zahn, Pollet, Ramel, Doglio, Berry, Mena, Obras, Scott, Cortes, Street, Gregerson, Thai, Macri, and Fosse

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1 AN ACT Relating to higher education funding; amending RCW  
2 28B.92.205 and 28B.15.067; and reenacting and amending RCW 82.04.299.

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

4 **Sec. 1.** RCW 82.04.299 and 2025 c 420 s 301 and 2025 c 401 s 5  
5 are each reenacted and amended to read as follows:

6 (1)(a) Beginning with business activities occurring on or after  
7 April 1, 2020, in addition to the taxes imposed under RCW 82.04.290  
8 (2) and (4), a workforce education investment surcharge is imposed on  
9 select advanced computing businesses.

10 (i) Beginning April 1, 2020, through December 31, 2025, the  
11 surcharge is equal to the gross income of the business subject to the  
12 tax under RCW 82.04.290 (2) and (4), multiplied by the rate of 1.22  
13 percent.

14 (ii) Beginning January 1, 2026, the surcharge is equal to the  
15 gross income of the business subject to the tax under RCW  
16 82.04.290(2), multiplied by the rate of 7.5 percent.

17 ~~(b) ((Except as provided in (c) of this subsection (1), in no  
18 case will the combined surcharge imposed under this subsection (1)  
19 paid by all members of an affiliated group be more than \$75,000,000  
20 annually.~~

1       ~~(e)~~) For persons subject to the surcharge imposed under this  
2 subsection (1) that report under one or more tax classifications, the  
3 surcharge applies only to business activities taxed under RCW  
4 82.04.290 (2) and (4).

5       ~~((d))~~ (c) The surcharge imposed under this subsection (1) must  
6 be reported and paid on a quarterly basis in a manner as required by  
7 the department. Returns and amounts payable under this subsection (1)  
8 are due by the last day of the month immediately following the end of  
9 the reporting period covered by the return. All other taxes must be  
10 reported and paid as required under RCW 82.32.045.

11       ~~((e))~~ (d)(i) To aid in the effective administration of the  
12 surcharge in this subsection (1), the department may require persons  
13 believed to be engaging in advanced computing or affiliated with a  
14 person believed to be engaging in advanced computing to disclose  
15 whether they are a member of an affiliated group and, if so, to  
16 identify all other members of the affiliated group subject to the  
17 surcharge.

18       (ii) If the department establishes, by clear, cogent, and  
19 convincing evidence, that one or more members of an affiliated group,  
20 with intent to evade the surcharge under this subsection (1), failed  
21 to fully comply with this subsection (1)~~((e))~~ (d), the department  
22 must assess against that person, or those persons collectively, a  
23 penalty equal to 50 percent of the amount of the total surcharge  
24 payable by all members of that affiliated group for the calendar year  
25 during which the person or persons failed to fully comply with this  
26 subsection (1)~~((e))~~ (d). The penalty under this subsection (1)  
27 ~~((e))~~ (d) is in lieu of and not in addition to the evasion penalty  
28 under RCW 82.32.090(7).

29       ~~((f))~~ (e) For the purposes of this subsection (1) the following  
30 definitions apply:

31       (i) "Advanced computing" means designing or developing computer  
32 software or computer hardware, whether directly or contracting with  
33 another person, including: Modifications to computer software or  
34 computer hardware; cloud computing services; or operating as a  
35 marketplace facilitator as defined by RCW 82.08.0531, an online  
36 search engine, or online social networking platform;

37       (ii) "Affiliate" and "affiliated" means a person that directly or  
38 indirectly, through one or more intermediaries, controls, is  
39 controlled by, or is under common control with another person;

1 (iii) "Affiliated group" means a group of two or more persons  
2 that are affiliated with each other;

3 (iv) "Cloud computing services" means on-demand delivery of  
4 computing resources, such as networks, servers, storage,  
5 applications, and services, over the internet;

6 (v) "Control" means the possession, directly or indirectly, of  
7 more than 50 percent of the power to direct or cause the direction of  
8 the management and policies of a person, whether through the  
9 ownership of voting shares, by contract, or otherwise; and

10 (vi) "Select advanced computing business" means a person who is a  
11 member of an affiliated group with at least one member of the  
12 affiliated group engaging in the business of advanced computing, and  
13 the affiliated group has worldwide gross revenue of more than  
14 \$25,000,000,000 during the immediately preceding calendar year. A  
15 person who is primarily engaged within this state in the provision of  
16 commercial mobile service, as that term is defined in 47 U.S.C. Sec.  
17 332(d)(1), shall not be considered a select advanced computing  
18 business. A person who is primarily engaged in this state in the  
19 operation and provision of access to transmission facilities and  
20 infrastructure that the person owns or leases for the transmission of  
21 voice, data, text, sound, and video using wired telecommunications  
22 networks shall not be considered a select advanced computing  
23 business. A person that is primarily engaged in business as a  
24 "financial institution" as defined in RCW 82.04.29004, as that  
25 section existed on January 1, 2020, shall not be considered a select  
26 advanced computing business. For purposes of this subsection (1)  
27 (~~(f)~~) (e)(vi), "primarily" is determined based on gross income of  
28 the business.

29 (2)(a) The workforce education investment surcharge under this  
30 section does not apply to:

31 (i) Any hospital as defined in RCW 70.41.020, including any  
32 hospital that comes within the scope of chapter 71.12 RCW if the  
33 hospital is also licensed under chapter 70.41 RCW; or

34 (ii) A provider clinic offering primary care, multispecialty and  
35 surgical services, including behavioral health services, and any  
36 affiliate of the provider clinic if the affiliate is an organization  
37 that offers health care services or provides administrative support  
38 for a provider clinic, or is an independent practice association or  
39 accountable care organization.

1 (b) The exemptions under this subsection (2) do not apply to  
2 amounts received by any member of an affiliated group other than the  
3 businesses described in (a) of this subsection.

4 (c) For purposes of the exemption in (a)(ii) of this subsection:

5 (i) "Health care services" means services offered by health care  
6 providers relating to the prevention, cure, or treatment of illness,  
7 injury, or disease.

8 (ii) "Primary care" means wellness and prevention services and  
9 the diagnosis and treatment of health conditions.

10 (3) Revenues from the surcharge under this section must be  
11 deposited directly into the workforce education investment account  
12 established in RCW 43.79.195.

13 (4) Beginning in fiscal year 2028, and each year thereafter, when  
14 the number of qualified Washington state applicants exceeds the  
15 available enrollments by 100 at computer science engineering degree  
16 programs in four-year state universities, then a commensurate number  
17 of computer science and engineering degree enrollments at those state  
18 universities must be automatically added and funded for the surcharge  
19 imposed under this section to accommodate the additional demand.

20 (5) The department has the authority to determine through an  
21 audit or other investigation whether a person is subject to the  
22 surcharge imposed in this section.

23 **Sec. 2.** RCW 28B.92.205 and 2025 c 395 s 3 are each amended to  
24 read as follows:

25 In addition to other eligibility requirements outlined in this  
26 chapter, students who demonstrate financial need are eligible to  
27 receive the Washington college grant. Beginning with the ((2025-26))  
28 2026-27 academic year, students with family incomes between zero and  
29 ((60)) 100 percent of the state median family income, adjusted for  
30 family size, shall receive the maximum Washington college grant as  
31 defined in RCW 28B.92.030. Grants for students with incomes between  
32 ((61)) 101 and ((100)) 150 percent of the state median family income,  
33 adjusted for family size, shall be prorated at the following  
34 percentages of the maximum Washington college grant amount:

35 (1) 70 percent for students with family incomes between 101 and  
36 110 percent of the state median family income;

37 (2) 60 percent for students with family incomes between ((61))  
38 111 and ((65)) 120 percent of the state median family income;

1       (~~(2)~~) (3) 50 percent for students with family incomes between  
2       (~~(66)~~) 121 and (~~(70)~~) 130 percent of the state median family income;  
3       (~~(3)~~) (4) 24.5 percent for students with family incomes between  
4       (~~(71)~~) 131 and (~~(75)~~) 140 percent of the state median family income;  
5       and  
6       (~~(4)~~) (5) 10 percent for students with family incomes between  
7       (~~(76)~~) 141 and (~~(100)~~) 150 percent of the state median family income.

8       **Sec. 3.** RCW 28B.15.067 and 2023 c 9 s 1 are each amended to read  
9       as follows:

10       (1) Tuition fees shall be established under the provisions of  
11       this chapter.

12       (2) The maximum increase in tuition operating fees for resident  
13       undergraduates at institutions of higher education as defined in RCW  
14       28B.10.016, excluding applied baccalaureate degrees as defined in RCW  
15       28B.50.030, shall be calculated by the office of financial management  
16       and transmitted to the institutions of higher education by October  
17       1st of each year for the following academic year. Tuition operating  
18       fees for resident undergraduates at institutions of higher education  
19       as defined in RCW 28B.10.016 shall be reduced by 10 percent each  
20       academic year beginning with the 2027-28 academic year through the  
21       2029-30 academic year. Beginning in the 2030-31 academic year,  
22       tuition operating fees for resident undergraduates at institutions of  
23       higher education as defined in RCW 28B.10.016, excluding applied  
24       baccalaureate degrees as defined in RCW 28B.50.030, may increase by  
25       no more than the average annual percentage growth rate in the median  
26       hourly wage for Washington as the wage is determined by the federal  
27       bureau of labor statistics and calculated based on the previous 14  
28       years prior to the transmittal date by the office of financial  
29       management.

30       (3) The governing boards of the state universities, regional  
31       universities, and The Evergreen State College; and the state board  
32       for community and technical colleges may reduce or increase full-time  
33       tuition fees for all students other than resident undergraduates,  
34       including nonresident students, summer school students, and students  
35       in other self-supporting degree programs. Percentage increases in  
36       full-time tuition may exceed the fiscal growth factor. Except during  
37       the 2013-2015 fiscal biennium, the state board for community and  
38       technical colleges may pilot or institute differential tuition

1 models. The board may define scale, scope, and rationale for the  
2 models.

3 (4) The tuition fees established under this chapter shall not  
4 apply to high school students enrolling in participating institutions  
5 of higher education under RCW 28A.600.300 through 28A.600.400.

6 (5)(a) The tuition fees established under this chapter shall not  
7 apply to eligible students enrolling in a dropout reengagement  
8 program through an interlocal agreement between a school district and  
9 a community or technical college under RCW 28A.175.100 through  
10 28A.175.110.

11 (b) The tuition fees established under this chapter shall not  
12 apply to students incarcerated with the department of corrections who  
13 are participating in credit-eligible postsecondary education courses  
14 and degree programs when the program expenses are funded by  
15 nontuition resources such as, but not limited to, grants, contracts,  
16 and donations.

17 (6) As a result of any changes in tuition under section 3,  
18 chapter 36, Laws of 2015 3rd sp. sess., the governing boards of the  
19 state universities, the regional universities, and The Evergreen  
20 State College shall not reduce resident undergraduate enrollment  
21 below the 2014-15 academic year levels.

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