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**SUBSTITUTE HOUSE BILL 2672**

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**State of Washington**

**52nd Legislature**

**1992 Regular Session**

**By** House Committee on Revenue (originally sponsored by Representatives Wang, Ebersole, Ballard, Brumsickle and Wynne)

Read first time 02/11/92.

1       AN ACT Relating to the tax status of cellular communications;  
2       creating new sections; and declaring an emergency.

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

4       NEW SECTION.   **Sec. 1.**       As used in this act "cellular  
5       communications" includes radio common carrier communications.

6       NEW SECTION.   **Sec. 2.**       (1) The legislature finds that:

7       (a) Cellular communications is a new, rapidly changing, capital-  
8       intensive, and complex industry;

9       (b) Cellular technology is so new that there are substantial public  
10      policy questions regarding valuation, taxation, and other assessments  
11      of cellular communication equipment and services;

1 (c) A thorough study of cellular communications equipment,  
2 property, and services is necessary to address the questions of equity,  
3 fairness, and consistent tax treatment by state and local government.

4 (2) The intent of this act is to study and define what cellular  
5 communications is, recommend to the legislature how it is to be taxed  
6 and assessed, and to clear up any inconsistencies that may exist among  
7 different units of government.

8 NEW SECTION. **Sec. 3.** (1) The department of revenue shall  
9 conduct a study of the taxation and assessment of cellular  
10 communications property, equipment, and services. The study shall  
11 focus on the policy implications involved in developing clear  
12 definitions of cellular communications equipment, property, and  
13 services that should be taxable, at what rate, and under what  
14 definition, as well as what should be exempt. The study shall include  
15 an examination of:

16 (a) Definitions of cellular communications real property,  
17 equipment, and services;

18 (b) Taxation of cellular communication in other states;

19 (c) Alternatives to the current methods of taxation;

20 (d) The advantages or disadvantages of change, revision, or  
21 alternatives to the present tax treatment of cellular communications;

22 (e) A complete inventory of all types of state and local taxes paid  
23 including, but not limited to, utility taxes, property taxes, sales and  
24 use taxes, and per-line charges paid to the state and local  
25 governments.

26 (2) To perform the study, the department shall form an advisory  
27 study committee with balanced representation from different segments of  
28 government and industry. The advisory committee must include, but need  
29 not be limited to, two members from the house of representatives, two

1 members from the senate, persons representing the department, cellular  
2 communication companies, tax specialists, representatives from county  
3 and city government, large and small businesses that use cellular  
4 communication devices.

5 (3) The department shall provide staff for the purposes of the  
6 study.

7 (4) The department shall present an interim report of the findings  
8 of the study to the committees of the legislature that deal with  
9 revenue matters no later than December 1, 1992, and shall present a  
10 final report to the same committees no later than December 1, 1993.

11 NEW SECTION. **Sec. 4.** If specific funding for this act,  
12 referencing this act by bill number, is not provided by June 30, 1992,  
13 in the supplemental biennial operating appropriations act, this act  
14 shall be null and void.

15 NEW SECTION. **Sec. 5.** This act is necessary for the immediate  
16 preservation of the public peace, health, or safety, or support of the  
17 state government and its existing public institutions, and shall take  
18 effect immediately.