

# SENATE BILL REPORT

## SB 5907

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As Reported by Senate Committee On:  
Early Learning & K-12 Education, February 19, 2015

**Title:** An act relating to creating a sales and use tax exemption for technology sold to, or used in, public schools.

**Brief Description:** Creating a sales and use tax exemption for technology sold to, or used in, public schools.

**Sponsors:** Senators McAuliffe, Chase, Cleveland and Litzow.

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 2/16/15, 2/19/15 [DPS-WM, DNP, w/oRec].

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Majority Report:** That Substitute Senate Bill No. 5907 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Litzow, Chair; Dammeier, Vice Chair; McAuliffe, Ranking Member; Fain, Hill, Rivers and Rolfes.

**Minority Report:** Do not pass.

Signed by Senator Mullet.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Billig.

**Staff:** Matthew Lemon (786-7405)

**Background:** Sales and Use Taxes. 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 taxes apply to the value of property, digital products, or services when used in this state. The state, most cities, and all counties 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 3.1 percent, depending on the location.

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

Tax Preference Expiration and Performance. Current law requires that any new tax preference, defined in part as an exemption, exclusion, or deduction from the base of a state tax that takes effect after August 1, 2013, expires on the first day of the year after ten calendar years have elapsed since the effective date, unless the legislation creating the preference includes an expiration date. In addition, any bill enacting a new tax preference must include a tax preference performance statement that identifies and provides detailed information regarding the legislative purpose of the tax preference and specifies clear and relevant metrics that allow the Joint Legislative Audit and Review Committee (JLARC) and the Legislature to measure the effectiveness of the new tax preference in achieving its purpose. Taxpayers claiming new tax preferences are also subject to reporting and disclosure requirements in some circumstances.

**Summary of Bill (Recommended Substitute):** A sales and use tax exemption is created for technology sold to or used in public schools. The technology to which the sales tax exemption applies is defined as computer hardware, peripherals, digital products, software, remote access software, or items of tangible personal property that include or require software to operate, for use by students, instructors, or administrators in a classroom or other instructional setting.

The tax preference for technology sold to or used in public schools is exempt from the ten-year expiration, tax preference performance statement, and other provisions in statute and the legislative intent is specified that the preference is permanent.

**EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (Recommended Substitute):** The technology to which the sales tax exemption applies is defined as computer hardware, peripherals, digital products, software, remote access software, or items of tangible personal property that include or require software to operate, for use by students, instructors, or administrators in a classroom or other instructional setting.

The tax preferences created in this act are exempt from the tax preference performance statement and other provisions of RCW 82.32.808.

**Appropriation:** None

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No

**Effective Date:** Ninety days of adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: We need technology in our schools for assessments like the Smarter Balanced assessment. In other areas, we are using technology more than ever before and these are smart tools for students and teachers. Our school districts cannot always afford to purchase this technology. Some districts are able to pass a technology levy, while others are not. Districts need to be able to provide their students with equal access to technology.

**Persons Testifying:** PRO: Senator McAuliffe, prime sponsor.