
SENATE BILL 5425

State of Washington

64th Legislature

2015 Regular Session

By Senators Ericksen and Dansel

Read first time 01/21/15. Referred to Committee on Energy,
Environment & Telecommunications.

1 AN ACT Relating to providing a sales and use tax exemption for
2 qualified broadband equipment; adding a new section to chapter 82.08
3 RCW; adding a new section to chapter 82.12 RCW; and creating new
4 sections.

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

6 NEW SECTION. **Sec. 1.** Much like electricity in the beginning of
7 the twentieth century, the legislature finds that broadband
8 telecommunications service is becoming necessary for everyday life.
9 It is a transforming technology that can provide many useful
10 services, such as: Speedy access to government, commercial, and
11 educational information; efficient delivery of healthcare services;
12 removal of educational disadvantages; and efficient use of energy
13 resources. The legislature also finds that there are areas in the
14 state that do not have access to broadband telecommunications
15 service, and that the state should work with federal programs to
16 alleviate this problem.

17 NEW SECTION. **Sec. 2.** (1) This section is the tax preference
18 performance statement for the tax preference contained in section 3
19 of this act. This performance statement is only intended to be used
20 for subsequent evaluation of the tax preference. It is not intended

1 to create a private right of action by any party or be used to
2 determine eligibility for preferential tax treatment.

3 (2) The legislature categorizes this tax preference as one
4 intended to expand broadband telecommunications service in
5 underserved areas of Washington, as indicated in RCW 82.32.808(2)(f).

6 (3) It is the legislature's specific public policy objective to
7 expand access to broadband telecommunications service in underserved
8 areas of Washington. It is the legislature's intent to exempt from
9 the tax levied by RCW 82.08.020 telecommunications machinery and
10 equipment, or tangible personal property that becomes an ingredient
11 or component of telecommunications machinery and equipment, thereby
12 increasing the ability of these firms to invest in and expand their
13 broadband networks in underserved areas of Washington.

14 (4) If a review finds that the number of consumers receiving
15 broadband telecommunications service in underserved areas of
16 Washington has increased by ten percent in ten years compared to the
17 number of consumers receiving such service at the time of enactment,
18 then the legislature intends to extend the expiration date of the tax
19 preference.

20 (5) In order to obtain the data necessary to perform the review
21 in subsection (4) of this section, the joint legislative audit and
22 review committee may refer to data provided by the Washington
23 utilities and transportation commission.

24 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08
25 RCW to read as follows:

26 (1) The tax levied by RCW 82.08.020 does not apply to sales of
27 qualified broadband equipment used to provide retail broadband
28 service to underserved areas in the state, if the equipment is
29 purchased by incumbent local exchange carriers that are identified by
30 the Washington utilities and transportation commission as receiving
31 assistance under the federal connect America fund for high-cost areas
32 in the state.

33 (2) The definitions in this subsection apply throughout this
34 section unless the context clearly requires otherwise.

35 (a) "Qualified broadband equipment" means telecommunications
36 network transmission equipment located in the state that is necessary
37 for the provision of retail communications service by wire or radio
38 with the capability to transmit data to and receive data from

1 substantially all internet endpoints with minimum speeds of ten Mbps
2 downstream and one Mbps upstream.

3 (b) "Underserved area" means United States census blocks
4 designated by the Washington utilities and transportation commission
5 as having either no broadband access or limited broadband access
6 based on data utilized by the federal communications commission in
7 determining high-cost areas for assistance under the federal connect
8 America fund.

9 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.12
10 RCW to read as follows:

11 (1) The provisions of this chapter do not apply to the use of
12 qualified broadband equipment, or to the use of tangible personal
13 property that becomes an ingredient or component of qualified
14 broadband equipment.

15 (2) The definitions in section 3 of this act apply to this
16 section.

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