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**SENATE BILL 5400**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Liias, Boehnke, Chapman, Cortes, Frame, Krishnadasan, Lovelett, Lovick, Orwall, Riccelli, Saldaña, Shewmake, and Valdez

AN ACT Relating to supporting local news journalism; reenacting and amending RCW 43.79.195 and 82.04.299; and adding new sections to chapter 43.330 RCW.

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

NEW SECTION. **Sec.**  The legislature finds and declares the following:

(1) A free and diverse fourth estate was critical in the founding of our democracy and continues to be the lifeblood for a functioning democracy.

(2) Every day, journalism plays an essential role in Washington and in local communities. The ability of local news organizations to continue to provide the public with critical information about their communities, including creating content that is used by others, will preserve and ensure the sustainability of local and diverse news outlets.

(3) Communities without newspapers lose touch with government, business, education, and neighbors. They operate without journalists working to keep them informed, uncover truth, expose corruption, and share common goals and experiences.

(4) Over the past 10 years, newspaper advertising has decreased 66 percent, and newsroom staff have declined 44 percent.

(5) Ethnic media has long been a distinctive genre of journalism and communications, informing, engaging, and advocating on behalf of communities underserved by both the for-profit and not-for-profit general market media. It plays a unique role in upholding the fourth estate in our democracy by facilitating cross-racial and cross-ethnic communications to facilitate social integration, promote civic engagement, and address inequalities among all underserved communities.

(6) Given the important role of ethnic media, it is critical to advance state policy that ensures their publishers continue to employ journalists able to create content. An excellent example is the historic preamble, "We Wish to Plead Our Own Cause," a document penned by the African American journalist and abolitionist Samuel Cornish in 1827. It marked a significant milestone in the history of the Black press as it highlighted the urgent need for African Americans to have their own platform to voice their grievances, advocate for their rights, and challenge racial inequality. This call to action spurred the establishment of numerous Black-owned newspapers and publications, solidifying the role of the Black press as a powerful tool for empowerment and social change, and laid the groundwork in our country for other ethnic media to plead their own cause.

(7) Quality local journalism is key to sustaining civic society, strengthening communal ties, and providing information at a deeper level that national outlets cannot match.

(8) 73 percent of United States adults surveyed said they have confidence in their local newspaper.

NEW SECTION. **Sec.**  (1) The Washington local news journalism corps program is established within the department. The director shall make grants to eligible applicants, in accordance with this section.

(2) Grants made under this section shall be used to support the employment of news journalists covering civic affairs in underserved communities to deepen community understanding of complex community issues and policies.

(3) Applicants eligible for grants under this chapter must meet all of the following requirements:

(a) Be an eligible news journalism provider; and

(b) Employ at least three news journalists in Washington state per quarter in the four calendar quarters prior to receiving a grant from the department.

(4) If an eligible news journalism provider fails to meet eligibility requirements in subsection (3)(b) of this section solely because they only employ two news journalists working in Washington state, they may qualify for a grant if they have employed at least two news journalists in Washington state per quarter in the eight calendar quarters prior to receiving a grant from the department.

(5) The dollar amount of each grant awarded to an applicant must be in an amount proportional to the hours worked by journalists employed by the applicant as reported by the applicant to the employment security department.

(6) An application for a grant under this chapter must be submitted by the applicant in such form and in accordance with requirements as determined by the director.

(7) An applicant selected for funding under this chapter shall provide the department information on the news coverage supported by this program. The information shall be provided in progress and final reports as requested by the department, but no less frequently than once per biennium.

(8) The department may consult with civic affairs leaders and local news industry leaders in developing this program.

NEW SECTION. **Sec.**  The department, the employment security department, and the department of revenue may share data as needed to implement sections 2 and 5 of this act.

NEW SECTION. **Sec.**  The department may adopt rules to implement sections 2 and 5 of this act.

NEW SECTION. **Sec.**  For the purposes of this act, the following definitions apply:

(1) "Eligible broadcaster" means a person that meets all of the following criteria:

(a) The person holds or operates under a license issued by the federal communications commission under subchapter III (commencing with section 301), chapter 5 of Title 47, United States Code;

(b) The person engages professionals to create, edit, and produce original content concerning local or regional matters of public interest through activities, including conducting interviews, observing current events, analyzing documents and other information, or fact checking through multiple firsthand or secondhand news sources;

(c) The person updates 25 percent of their content on at least a weekly basis; and

(d) The person uses an editorial process for error correction and clarification, including a transparent process for reporting errors or complaints to the station.

(2) "Eligible news journalism provider" means an eligible publisher or eligible broadcaster that discloses its ownership to the public.

(3) "Eligible publisher" means a person that publishes a qualifying publication.

(4) "News journalist" means a natural person who meets both of the following criteria:

(a) The person is employed for an average of at least 30 hours per week during a calendar quarter by the eligible news journalism provider; and

(b) The person is responsible for gathering, developing, preparing, directing the recording of, producing, collecting, photographing, recording, writing, editing, reporting, designing, presenting, or publishing original news or information that concerns local or regional matters of public interest.

(5) "Qualifying publication" means either:

(a) A legal newspaper as defined in RCW 65.16.020; or

(b) An internet website, online or mobile application, or other digital service that meets all of the following criteria:

(i) The internet website, online or mobile application, or other digital service does not primarily display, provide, or offer content generated, created, produced, or owned by an eligible broadcaster;

(ii) The internet website, online or mobile application, or other digital service provides information to an audience in the state;

(iii) The internet website, online or mobile application, or other digital service performs a public information function comparable to that traditionally served by newspapers and other periodical news publications;

(iv) The internet website, online or mobile application, or other digital service engages professionals to create, edit, and produce original content concerning current topics of local or regional public interest through activities, including conducting interviews, observing current events, analyzing documents and other information, or fact checking through multiple firsthand or secondhand news sources;

(v) The internet website, online or mobile application, or other digital service updates 25 percent of its content with original content they create on at least a weekly basis;

(vi) The internet website, online or mobile application, or other digital service has an editorial process for error correction and clarification, including a transparent process for reporting errors or complaints to the publication;

(vii) The internet website, online or mobile application, or other digital service meets any of the following criteria:

(A) The internet website, online or mobile application, or other digital service had an international standard serial number assigned to an affiliated periodical; or

(B) The internet website, online or mobile application, or other digital service is owned or controlled by an organization exempt from federal income taxation pursuant to Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code;

(viii) The internet website, online or mobile application, or other digital service provides at least 25 percent of its editorial content consisting of information about current topics of local or regional public interest; and

(ix) The internet website, online or mobile application, or other digital service is not controlled by, or wholly or partially owned by, an entity that meets any of the following criteria:

(A) The entity is a foreign power or an agent of a foreign power, as those terms are defined in 50 U.S.C. Sec. 1801;

(B) The entity is designated as a foreign terrorist organization pursuant to 8 U.S.C. Sec. 1189;

(C) The entity is a terrorist organization, as defined in 8 U.S.C. Sec. 1182;

(D) The entity is designated as a specially designated global terrorist organization under federal Executive Order No. 13224;

(E) The entity is an affiliate of an entity described in (b)(ix)(A) through (D) of this subsection; or

(F) The entity has been convicted of violating, or attempting to violate, 18 U.S.C. Secs. 2331, 2332b, or 2339A.

**Sec.**  RCW 43.79.195 and 2021 c 334 s 971 and 2021 c 170 s 6 are each reenacted and amended to read as follows:

(1) The workforce education investment account is created in the state treasury. All revenues from the workforce investment surcharge created in RCW 82.04.299 and those revenues as specified under RCW 82.04.290(2)(c) must be deposited directly into the account. Moneys in the account may be spent only after appropriation.

(2) Expenditures from the account may be used ((~~only for~~)) as follows:

(a) Beginning July 1, 2026, and each fiscal year thereafter, $20,000,000 of the funds deposited in the account must be used to support the Washington local news journalism corps program created in section 2 of this act; and

(b) All remaining funds deposited in the account may be used for higher education programs, higher education operations, higher education compensation, state-funded student aid programs, and workforce development including career connected learning as defined by RCW 28C.30.020.

((~~(2)~~)) (3) Expenditures from the workforce education investment account must be used to supplement, not supplant, other federal, state, and local funding for higher education.

**Sec.**  RCW 82.04.299 and 2022 c 170 s 1 and 2022 c 56 s 4 are each reenacted and amended to read as follows:

(1)(a) Beginning with business activities occurring on or after April 1, 2020, in addition to the taxes imposed under RCW 82.04.290(2), a workforce education investment surcharge is imposed on select advanced computing businesses. The surcharge is equal to the gross income of the business subject to the tax under RCW 82.04.290(2), multiplied by the rate of 1.22 percent.

(b) Except as provided in (e) of this subsection (1), in no case will the combined surcharge imposed under this subsection (1) paid by all members of an affiliated group be more than ((~~nine million dollars~~)) $15,000,000 annually.

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

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

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

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

(f) For the purposes of this subsection (1) the following definitions apply:

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

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

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

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

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

(vi) "Select advanced computing business" means a person who is a member of an affiliated group with at least one member of the affiliated group engaging in the business of advanced computing, and the affiliated group has worldwide gross revenue of more than twenty-five billion dollars during the immediately preceding calendar year. A person who is primarily engaged within this state in the provision of commercial mobile service, as that term is defined in 47 U.S.C. Sec. 332(d)(1), shall not be considered a select advanced computing business. A person who is primarily engaged in this state in the operation and provision of access to transmission facilities and infrastructure that the person owns or leases for the transmission of voice, data, text, sound, and video using wired telecommunications networks shall not be considered a select advanced computing business. A person that is primarily engaged in business as a "financial institution" as defined in RCW 82.04.29004, as that section existed on January 1, 2020, shall not be considered a select advanced computing business. For purposes of this subsection (1)(f)(vi), "primarily" is determined based on gross income of the business.

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

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

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

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

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

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

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

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

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

NEW SECTION. **Sec.**  Sections 1 through 5 of this act are each added to chapter 43.330 RCW and codified with the subchapter heading of "SUPPORTING LOCAL NEWS JOURNALISM."

**--- END ---**