
SENATE BILL 5400

State of Washington

69th Legislature

2025 Regular Session

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

Read first time 01/21/25. Referred to Committee on Labor & Commerce.

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

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

5 NEW SECTION. **Sec. 1.** The legislature finds and declares the
6 following:

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

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

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

20 (4) Over the past 10 years, newspaper advertising has decreased
21 66 percent, and newsroom staff have declined 44 percent.

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

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

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

26 (8) 73 percent of United States adults surveyed said they have
27 confidence in their local newspaper.

28 NEW SECTION. **Sec. 2.** (1) The Washington local news journalism
29 corps program is established within the department. The director
30 shall make grants to eligible applicants, in accordance with this
31 section.

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

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

38 (a) Be an eligible news journalism provider; and

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

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

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

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

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

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

24 NEW SECTION. **Sec. 3.** The department, the employment security
25 department, and the department of revenue may share data as needed to
26 implement sections 2 and 5 of this act.

27 NEW SECTION. **Sec. 4.** The department may adopt rules to
28 implement sections 2 and 5 of this act.

29 NEW SECTION. **Sec. 5.** For the purposes of this act, the
30 following definitions apply:

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

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

36 (b) The person engages professionals to create, edit, and produce
37 original content concerning local or regional matters of public

1 interest through activities, including conducting interviews,
2 observing current events, analyzing documents and other information,
3 or fact checking through multiple firsthand or secondhand news
4 sources;

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

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

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

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

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

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

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

25 (5) "Qualifying publication" means either:

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

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

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

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

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

38 (iv) The internet website, online or mobile application, or other
39 digital service engages professionals to create, edit, and produce
40 original content concerning current topics of local or regional

1 public interest through activities, including conducting interviews,
2 observing current events, analyzing documents and other information,
3 or fact checking through multiple firsthand or secondhand news
4 sources;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (1) The workforce education investment account is created in the
4 state treasury. All revenues from the workforce investment surcharge
5 created in RCW 82.04.299 and those revenues as specified under RCW
6 82.04.290(2)(c) must be deposited directly into the account. Moneys
7 in the account may be spent only after appropriation.

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

10 (a) Beginning July 1, 2026, and each fiscal year thereafter,
11 \$20,000,000 of the funds deposited in the account must be used to
12 support the Washington local news journalism corps program created in
13 section 2 of this act; and

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

19 (~~(+2)~~) (3) Expenditures from the workforce education investment
20 account must be used to supplement, not supplant, other federal,
21 state, and local funding for higher education.

22 **Sec. 7.** RCW 82.04.299 and 2022 c 170 s 1 and 2022 c 56 s 4 are
23 each reenacted and amended to read as follows:

24 (1)(a) Beginning with business activities occurring on or after
25 April 1, 2020, in addition to the taxes imposed under RCW
26 82.04.290(2), a workforce education investment surcharge is imposed
27 on select advanced computing businesses. The surcharge is equal to
28 the gross income of the business subject to the tax under RCW
29 82.04.290(2), multiplied by the rate of 1.22 percent.

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

34 (c) For persons subject to the surcharge imposed under this
35 subsection (1) that report under one or more tax classifications, the
36 surcharge applies only to business activities taxed under RCW
37 82.04.290(2).

38 (d) The surcharge imposed under this subsection (1) must be
39 reported and paid on a quarterly basis in a manner as required by the

1 department. Returns and amounts payable under this subsection (1) are
2 due by the last day of the month immediately following the end of the
3 reporting period covered by the return. All other taxes must be
4 reported and paid as required under RCW 82.32.045.

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

11 (ii) If the department establishes, by clear, cogent, and
12 convincing evidence, that one or more members of an affiliated group,
13 with intent to evade the surcharge under this subsection (1), failed
14 to fully comply with this subsection (1)(e), the department must
15 assess against that person, or those persons collectively, a penalty
16 equal to fifty percent of the amount of the total surcharge payable
17 by all members of that affiliated group for the calendar year during
18 which the person or persons failed to fully comply with this
19 subsection (1)(e). The penalty under this subsection (1)(e) is in
20 lieu of and not in addition to the evasion penalty under RCW
21 82.32.090(7).

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

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

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

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

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

38 (v) "Control" means the possession, directly or indirectly, of
39 more than fifty percent of the power to direct or cause the direction

1 of the management and policies of a person, whether through the
2 ownership of voting shares, by contract, or otherwise; and

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

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

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

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

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

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

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

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

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

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

9 NEW SECTION. **Sec. 8.** Sections 1 through 5 of this act are each
10 added to chapter 43.330 RCW and codified with the subchapter heading
11 of "SUPPORTING LOCAL NEWS JOURNALISM."

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