

Multiple Agency Fiscal Note Summary

Bill Number: 1793 HB	Title: Wireless devices tax
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	0	0	25,400,000	0	0	36,700,000	0	0	37,600,000
Total \$	0	0	25,400,000	0	0	36,700,000	0	0	37,600,000

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	.7	0	0	211,767	2.6	0	0	771,354	2.6	0	0	765,654
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Revenue	1.7	423,900	423,900	423,900	1.1	192,600	192,600	192,600	1.0	184,200	184,200	184,200
Total \$	2.4	423,900	423,900	635,667	3.7	192,600	192,600	963,954	3.6	184,200	184,200	949,854

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 2/20/2023
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Individual State Agency Fiscal Note

Bill Number: 1793 HB	Title: Wireless devices tax	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 02/12/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/13/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/13/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/13/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1793 creates the learning device and technology account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1793 HB	Title: Wireless devices tax	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.3	0.7	2.6	2.6
Account					
NEW-State NEW-1	0	211,767	211,767	771,354	765,654
Total \$	0	211,767	211,767	771,354	765,654

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 02/12/2023
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 02/18/2023
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 02/18/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/20/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 adds a new section to RCW 28A.650 establishing the learning device and technology account. Revenues to the account consist of revenues collected by the fee established in Section 3 and any appropriations, grants, or donations deposited into it. Funds in the account may only be used for the Digital Equity Planning Program in RCW 43.330.5393 and can only be spent after appropriation.

Section 3 levies a \$2 tax on qualifying smart wireless devices with a selling price greater than \$250, which would be deposited into the new account established in Section 1.

Section 8 provides an effective date of January 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

The level of revenue generated by the proposed legislation is indeterminate. The Department of Revenue (DOR) provides that a surcharge between \$1.65 and \$2.75 on the purchase of a qualifying wireless device would generate between \$30 and \$50 million each biennium.

DOR's estimate was calculated using U.S. Census Bureau 2022 population estimates; tatista.com, U.S. consumer electronics industry shipment volume for 2021, by selected product; and statista.com, U.S. consumer electronics industry forecasted volume by segment. The Department of Revenue's analysis defines wireless devices in alignment with the proposed legislation, including: smartphones, smart home products, wireless earbuds, laptops or tablets, health and fitness technology, smart TVs, gaming consoles, and electric bikes.

Based on the DOR estimates and for illustrative purposes, the department assumes approximately \$8 million in revenue for the first five months of collections in FY24, and \$40 million in revenue in each biennium beginning in 2025-2027 with the first year of full revenue collections beginning in FY26:

FY24: \$8,000,000
FY25: \$20,000,000
FY26: \$20,000,000
FY27: \$20,000,000
FY28: \$20,000,000
FY29: \$20,000,000

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Agency assumptions:

- The Digital Equity Planning Program (DEPP) has not been funded previously, so in order to administer newly appropriated funds, the department would require additional staff capacity to operate the DEPP.
- The department assumes 3% of a potential appropriation for administrative costs, but without a clearly identified funding level, the costs outlined for the department to implement the proposed legislation are illustrative only.

- The department assumes planning grants would range between \$50,000 and \$250,000, which is dependent on the scope of the plans proposed, the discrete region that the plan would represent, and the number of entities that would collaborate to inform the development of the local or regional digital equity plan.
- The fees proposed by this act and the DEPP are subject to appropriation and it is unclear what level of funding the fee would generate or the level of funding that would be appropriated to implement it. For these reasons, the department cannot estimate the number of planning grants that would be awarded.

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY25 and 2.0 FTE Commerce Specialist 3 (4,196 hours) in FY26-FY29, to provide or build capacity around solicitation, origination, management, and the monitoring of project contracts. Compliance may include site visits or corresponding compliance reports. Staff will develop a twice annual grant cycles, and review and rank applications. Staff will conduct outreach and market the availability of the program and develop guidance resources to assist community adoption of local digital equity plans.

0.10 FTE WMS 3 (209 hours) in FY25 and 0.20 FTE (418 hours) in FY26-FY29, to provide leadership and oversight to day-to-day staff upon hire. Staff will lead rules development, as necessary, and provide decision making over all elements of the program, including coordination with the Digital Equity Forum to evaluate funding applications. Staff provide expert policy advice or consultation on a range of issues specific to the program and to areas that have agency wide implications.

Salaries and benefits:

FY25: \$133,197
 FY26-FY29: \$266,393 each fiscal year

Goods and services:

This includes 50 hours of Assistant Attorney General (AAG) consultation on contracts and program development.

FY25: \$22,740
 FY26 \$33,300
 FY27-FY29: \$22,800 each fiscal year

Travel:

Travel includes stakeholder outreach and necessary collaboration with local governments.

FY25: \$2,008
 FY26-FY29 \$3,591 each fiscal year

Equipment:

The department assumes standard workstations in FY25 and replacement tablet in FY29.

FY25: \$10,000
 FY29: \$4,800

Intra-agency Reimbursements:

FY25: \$43,822
 FY26-FY29 \$87,643 each fiscal year

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Total costs:

FY25: \$211,767

FY26: \$390,927

FY27-FY28: \$380,427 each fiscal year

FY29: \$385,227

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
NEW-1	NEW	State	0	211,767	211,767	771,354	765,654
Total \$			0	211,767	211,767	771,354	765,654

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.3	0.7	2.6	2.6
A-Salaries and Wages		98,770	98,770	395,076	395,076
B-Employee Benefits		34,427	34,427	137,710	137,710
C-Professional Service Contracts					
E-Goods and Other Services		22,740	22,740	56,100	45,600
G-Travel		2,008	2,008	7,182	7,182
J-Capital Outlays		10,000	10,000		4,800
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		43,822	43,822	175,286	175,286
9-					
Total \$	0	211,767	211,767	771,354	765,654

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Services - Indirect	111,168		0.2	0.1	0.4	0.4
Commerce Specialist 3	82,056		1.0	0.5	2.0	2.0
WMS Band 3	138,366		0.1	0.1	0.2	0.2
Total FTEs			1.3	0.7	2.6	2.6

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

E0268-2: Wireless device fees - \$250 threshold

Current Law Consumers pay sales and use tax on wireless devices, but not any additional fees.

Proposal This proposal creates an additional fee on the sale of wireless devices with a sales price of \$250 or more. Options were modeled to raise approximately \$15 million, \$30 million, \$50 million, or \$100 million per biennium.

- A \$0.85 fee on wireless devices would raise \$15 million per biennium.
 - A \$1.65 fee on wireless devices would raise \$30 million per biennium.
 - A \$2.75 fee on wireless devices would raise \$50 million per biennium.
 - A \$5.50 fee on wireless devices would raise \$100 million per biennium.
-

Effective Date The new fee is first imposed as of January 1, 2024.

Revenue Estimate The table below shows the estimated revenues at each fee level:

Fee per device	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
\$0.85	\$3,200,000	\$7,700,000	\$7,800,000	\$7,800,000	\$7,900,000	\$8,000,000
\$1.65	\$6,100,000	\$14,900,000	\$15,100,000	\$15,200,000	\$15,400,000	\$15,600,000
\$2.75	\$10,200,000	\$24,800,000	\$25,100,000	\$25,400,000	\$25,700,000	\$25,900,000
\$5.50	\$20,400,000	\$49,600,000	\$50,200,000	\$50,700,000	\$51,300,000	\$51,900,000

Fiscal year 2024 represents five months of collections.

Revenue Assumptions Washington represents 2.34% of the total population of the United States.

For purposes of this estimate, we are assuming "wireless devices" include:

- Smartphones
- Smart home products
- Wireless earbuds
- Laptops/tablets
- Health and fitness technology
- Smart TVs
- Gaming consoles
- Electric bikes

For purposes of this estimate, we are assuming this is a separately stated fee and not part of the general sales tax. Analysis of bill language will be required to verify the proposal does not violate the Streamlined Sales and Use Tax Agreement.

E0268-2: Wireless device fees - \$250 threshold

Data Sources

- U.S. Census Bureau, 2022 population estimates.
- statista.com, U.S. consumer electronics industry shipment volume for 2021, by selected product
- statista.com, U.S. consumer electronics industry forecasted volume by segment

Local Government Impact

None

Note

Please note that our review, comments and any estimates provided are not intended to reflect a policy position by the Department and are solely to assist you in exploring options under development.

Further Information

KATHY OLIVE
Research and Fiscal Analysis Division
(360) 534-1534

Department of Revenue Fiscal Note

Bill Number: 1793 HB	Title: Wireless devices tax	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
NEW-State 00 - 00 -	7,400,000	18,000,000	25,400,000	36,700,000	37,600,000
Total \$	7,400,000	18,000,000	25,400,000	36,700,000	37,600,000

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.1	1.3	1.7	1.1	1.0
Account					
GF-STATE-State 001-1	302,300	121,600	423,900	192,600	184,200
Total \$	302,300	121,600	423,900	192,600	184,200

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 60-786-7152	Date: 02/12/2023
Agency Preparation: Beth Leech	Phone: 60-534-1513	Date: 02/17/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/17/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/18/2023

Request # 1793-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW:

The sale of smart wireless devices is subject to retail sales and use tax.

PROPOSAL:

This legislation creates a new tax of \$2 per device on each retail sale of a smart wireless device with a selling price of more than \$250. If any seller fails to collect this tax, or having collected the tax, fails to pay it to the Department of Revenue (department), the seller is personally liable to the state for the amount of tax. This tax must be stated separately from the selling price on any invoice or other instrument of sale.

This proposal also creates the learning device and technology account. All revenue from this new tax must be deposited into this new account.

Smart wireless device means any type of instrument, device, machine, or equipment that is capable of wireless access to the internet.

EFFECTIVE DATE:

This bill takes effect on January 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- Washington represents 2.34% of the total population of the United States.
- NEW Fund: Learning Device and Technology Account.
- NEW Source: Wireless Device Tax.
- This proposal impacts five months of collections in fiscal year 2024.

For purposes of this estimate, we are assuming "wireless devices" include:

- Smartphones
- Smarthome products
- Wireless earbuds
- Laptops/tablets
- Health and fitness technology
- Smart TVs
- Gaming consoles
- Electric bikes

DATA SOURCES:

- U.S. Census Bureau, 2022 population estimates.
- statista.com, U.S. consumer electronics industry shipment volume for 2021, by selected product
- statista.com, U.S. consumer electronics industry forecasted volume by segment

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$7.4 million in the 5 months of impacted collections in fiscal year 2024,

Request # 1793-1-1

and by \$18.0 million in fiscal year 2025, the first full year of impacted collections. .

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 7,400
FY 2025 -	\$ 18,000
FY 2026 -	\$ 18,200
FY 2027 -	\$ 18,500
FY 2028 -	\$ 18,700
FY 2029 -	\$ 18,900

Local Government, if applicable (cash basis, \$000): None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

This bill affects 19,500 taxpayers selling smart wireless devices.

FIRST YEAR COSTS:

The department will incur total costs of \$302,300 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 2.1 FTEs.

- Set up, program, and test computer systems.
- Create special notice and update relevant information on the department’s website.
- Respond to tax ruling requests and email inquiries.
- Answer phone calls on tax questions and tax return preparation from businesses, individuals, and accountants.
- Process tax return work items, assist taxpayers with reporting questions and respond to email, web message, and paper correspondence inquiries.
- Examine accounts and make corrections as necessary.
- Additional time required for routine field audits of retail sellers of smart wireless devices.
- Amend two administrative rules.

Object Costs - \$71,100.

- Contract computer system programming.
- Print and mail a special notice to affected taxpayers who do not file tax returns electronically.

SECOND YEAR COSTS:

The department will incur total costs of \$121,600 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 1.3 FTEs.

- Respond to tax ruling requests and email inquiries.
- Answer phone calls on tax questions and tax return preparation from businesses, individuals, and accountants.
- Process tax return work items, assist taxpayers with reporting questions and respond to email, web message, and paper correspondence inquiries.
- Additional time required for routine field audits of retail sellers of smart wireless devices.
- Examine accounts and make corrections as necessary.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$192,600 and include similar activities described in the second-year costs. Time and effort equate to 1.05 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.1	1.3	1.7	1.1	1.0
A-Salaries and Wages	135,400	76,200	211,600	119,500	114,000
B-Employee Benefits	44,700	25,200	69,900	39,400	37,600
C-Professional Service Contracts	70,400		70,400		
E-Goods and Other Services	34,100	14,100	48,200	23,000	22,200
G-Travel	2,100	2,100	4,200	4,200	4,200
J-Capital Outlays	15,600	4,000	19,600	6,500	6,200
Total \$	\$302,300	\$121,600	\$423,900	\$192,600	\$184,200

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EXCISE TAX EX 2	55,872	0.2	0.2	0.2	0.2	0.1
EXCISE TAX EX 3	61,632	0.2	0.2	0.2	0.1	0.1
IT SYS ADM-JOURNEY	92,844	0.2		0.1		
MGMT ANALYST4	73,260	0.2		0.1		
REVENUE AGENT 2	57,324	0.3	0.3	0.3	0.3	0.3
REVENUE AGENT 3	63,216	0.3	0.3	0.3	0.3	0.3
TAX INFO SPEC 1	44,808	0.4	0.2	0.3	0.2	0.2
TAX POLICY SP 2	75,120	0.2	0.1	0.2		
WMS BAND 2	94,669	0.1		0.1		
Total FTEs		2.1	1.3	1.7	1.1	1.0

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the department will use the expedited process to amend WAC 458-20-217, titled: "Liens for

taxes" and WAC 458-20-195, titled: "Taxes and deductibility." Persons affected by this rulemaking would include retailers of smart wireless devices.



Multiple Agency Ten-Year Analysis Summary

Bill Number 1793 HB	Title Wireless devices tax
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Department of Commerce Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	7,400,000	18,000,000	18,200,000	18,500,000	18,700,000	18,900,000	19,100,000	19,300,000	19,500,000	19,700,000	177,300,000
Total	7,400,000	18,000,000	18,200,000	18,500,000	18,700,000	18,900,000	19,100,000	19,300,000	19,500,000	19,700,000	177,300,000



Ten-Year Analysis

Bill Number 1793 HB	Title Wireless devices tax	Agency 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts **Partially Indeterminate Cash Receipts** **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code												
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Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 2/13/2023 9:07:37 am
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 2/13/2023 9:07:37 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1793 HB	Title Wireless devices tax	Agency 103 Department of Commerce
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

The impact of the proposed legislation on new fees established in Section 3 is indeterminate. This bill levies a \$2 tax on qualifying smart wireless devices for deposit into new account for funding the Department of Commerce's (department) digital equity planning program established under the Digital Equity Act (HB 1723, 2022) and codified in RCW 43.330.5393. The department cannot estimate with total certainty the number of qualifying purchases made and the total revenues generated. For illustrative purposes, the Department of Revenue estimates (E0268-2: Wireless device fees - \$250 threshold) that a \$1.65 tax on the purchase of a wireless device would generate approximately \$15 million in fiscal year 2025 and a \$2.75 tax on the purchase of a wireless device would generate approximately \$25 million in the same period. The proposed \$2 fee on the purchase of a wireless device may generate approximately \$20 million in fiscal year 2025 and \$20 million each biennium, but the department cannot predict the number of qualifying purchases and the total revenue that would be generated.

Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 2/18/2023 8:34:55 am
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 2/18/2023 8:34:55 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1793 HB	Title Wireless devices tax	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Wireless device tax	NEW	7,400,000	18,000,000	18,200,000	18,500,000	18,700,000	18,900,000	19,100,000	19,300,000	19,500,000	19,700,000	177,300,000
Total		7,400,000	18,000,000	18,200,000	18,500,000	18,700,000	18,900,000	19,100,000	19,300,000	19,500,000	19,700,000	177,300,000
Biennial Totals		25,400,000		36,700,000		37,600,000		38,400,000		39,200,000		177,300,000

Narrative Explanation (Required for Indeterminate Cash Receipts)

CURRENT LAW:
The sale of smart wireless devices is subject to retail sales and use tax.

PROPOSAL:
This legislation creates a new tax of \$2 per device on each retail sale of a smart wireless device with a selling price of more than \$250. If any seller fails to collect this tax, having collected the tax, fails to pay it to the Department of Revenue (department), the seller is personally liable to the state for the amount of tax. This tax must be stated separately from the selling price on any invoice or other instrument of sale.

This proposal also creates the learning device and technology account. All revenue from this new tax must be deposited into this new account.

Smart wireless device means any type of instrument, device, machine, or equipment that is capable of wireless access to the internet.

EFFECTIVE DATE:
This bill takes effect on January 1, 2024.

ASSUMPTIONS:



Ten-Year Analysis

Bill Number	Title	Agency
1793 HB	Wireless devices tax	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp> .

Narrative Explanation (Required for Indeterminate Cash Receipts)

- Washington represents 2.34% of the total population of the United States.
- NEW Fund: Learning Device and Technology Account.
- NEW Source: Wireless Device Tax.
- This proposal impacts five months of collections in fiscal year 2024.

For purposes of this estimate, we are assuming "wireless devices" include:

- Smartphones
- Smart home products
- Wireless earbuds
- Laptops/tablets
- Health and fitness technology
- Smart TVs
- Gaming consoles
- Electric bikes

DATA SOURCES:

- U.S. Census Bureau, 2022 population estimates.
- statista.com, U.S. consumer electronics industry shipment volume for 2021, by selected product
- statista.com, U.S. consumer electronics industry forecasted volume by segment

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$7.4 million in the 5 months of impacted collections in fiscal year 2024, and by \$18.0 million in fiscal year 2025, the first full year of impacted collections. .

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 7,400
FY 2025 -	\$ 18,000
FY 2026 -	\$ 18,200



Ten-Year Analysis

Bill Number 1793 HB	Title Wireless devices tax	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp> .

Narrative Explanation (Required for Indeterminate Cash Receipts)

FY 2027 - \$ 18,500 FY 2028 - \$ 18,700 FY 2029 - \$ 18,900 Local Government, if applicable (cash basis, \$000): None
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Agency Preparation: Beth Leech	Phone: 360-534-1513	Date: 2/17/2023 5:23:50 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 2/17/2023 5:23:50 pm
OFM Review:	Phone:	Date: