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HOUSE BILL 1839

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State of Washington

69th Legislature

2025 Regular Session

By Representative Reed

1 AN ACT Relating to increasing the investments in our workforce by  
2 amending the advanced computing surcharge; reenacting and amending  
3 RCW 82.04.299; creating a new section; and providing an effective  
4 date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that Washington is  
7 facing a critical workforce gap in an economy where the state is  
8 poised to see growing demand for eligible employees trained in a  
9 variety of industry sectors, including advanced computing and  
10 technology, construction and skilled trades, health care, education,  
11 business and management, and clean technology. According to a 2024  
12 report published by the Washington roundtable, the state's  
13 anticipated job growth is 12.8 percent, well above the national  
14 average of 2.8 percent, creating opportunity for skilled workers.  
15 Three quarters of jobs will require postsecondary credentials.  
16 However, Washington faces a projected shortfall of nearly 600,000  
17 credentialed workers over the decade, including 301,000 with  
18 bachelor's and advanced degrees, 67,000 with associate degrees, and  
19 228,000 with certifications, apprenticeships, and other training  
20 credentials.

1           Therefore, the legislature finds it necessary to grow investments  
2 in workforce education and finds that additional resources would be  
3 best guided towards expanding the Washington college grant program to  
4 families earning 70 percent of the median family income, increasing  
5 the number of teacher training and STEM teacher training programs,  
6 growing the number of in-state student seats in our institutions of  
7 higher education, and funding work-study salaries for students doing  
8 STEM research.

9           **Sec. 2.** RCW 82.04.299 and 2022 c 170 s 1 and 2022 c 56 s 4 are  
10 each reenacted and amended to read as follows:

11           (1)(a) Beginning with business activities occurring on or after  
12 April 1, 2020, in addition to the taxes imposed under RCW  
13 82.04.290(2), a workforce education investment surcharge is imposed  
14 on select advanced computing businesses. The surcharge is equal to  
15 the gross income of the business subject to the tax under RCW  
16 82.04.290(2), multiplied by the rate of 1.22 percent.

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

21           ~~(e))~~ For persons subject to the surcharge imposed under this  
22 subsection (1) that report under one or more tax classifications, the  
23 surcharge applies only to business activities taxed under RCW  
24 82.04.290(2).

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

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

38           (ii) If the department establishes, by clear, cogent, and  
39 convincing evidence, that one or more members of an affiliated group,

1 with intent to evade the surcharge under this subsection (1), failed  
2 to fully comply with this subsection (1)~~((e))~~ (d), the department  
3 must assess against that person, or those persons collectively, a  
4 penalty equal to ~~((fifty))~~ 50 percent of the amount of the total  
5 surcharge payable by all members of that affiliated group for the  
6 calendar year during which the person or persons failed to fully  
7 comply with this subsection (1)~~((e))~~ (d). The penalty under this  
8 subsection (1)~~((e))~~ (d) is in lieu of and not in addition to the  
9 evasion penalty under RCW 82.32.090(7).

10 ~~((f))~~ (e) For the purposes of this subsection (1) the following  
11 definitions apply:

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

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

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

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

26 (v) "Control" means the possession, directly or indirectly, of  
27 more than ~~((fifty))~~ 50 percent of the power to direct or cause the  
28 direction of the management and policies of a person, whether through  
29 the ownership of voting shares, by contract, or otherwise; and

30 (vi) "Select advanced computing business" means a person who is a  
31 member of an affiliated group with at least one member of the  
32 affiliated group engaging in the business of advanced computing, and  
33 the affiliated group has worldwide gross revenue of more than  
34 ~~((twenty-five billion dollars))~~ \$25,000,000,000 during the  
35 immediately preceding calendar year. A person who is primarily  
36 engaged within this state in the provision of commercial mobile  
37 service, as that term is defined in 47 U.S.C. Sec. 332(d)(1), shall  
38 not be considered a select advanced computing business. A person who  
39 is primarily engaged in this state in the operation and provision of  
40 access to transmission facilities and infrastructure that the person

1 owns or leases for the transmission of voice, data, text, sound, and  
2 video using wired telecommunications networks shall not be considered  
3 a select advanced computing business. A person that is primarily  
4 engaged in business as a "financial institution" as defined in RCW  
5 82.04.29004, as that section existed on January 1, 2020, shall not be  
6 considered a select advanced computing business. For purposes of this  
7 subsection (1)(~~f~~) (e)(vi), "primarily" is determined based on  
8 gross income of the business.

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

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

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

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

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

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

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

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

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

35 NEW SECTION. **Sec. 3.** This act takes effect October 1, 2025.

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