

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1465 HB	<b>Title:</b> Progressive Estate Tax
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## Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	0	59,100,000	105,900,000	0	84,000,000	168,800,000	0	68,600,000	155,700,000
<b>Total \$</b>	<b>0</b>	<b>59,100,000</b>	<b>105,900,000</b>	<b>0</b>	<b>84,000,000</b>	<b>168,800,000</b>	<b>0</b>	<b>68,600,000</b>	<b>155,700,000</b>

## Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	1.0	0	0	6,000,000	.7	0	0	6,000,000	.7	0	0	6,000,000
Department of Revenue	.1	65,300	65,300	65,300	.0	0	0	0	.0	0	0	0
Housing Finance Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>1.1</b>	<b>65,300</b>	<b>65,300</b>	<b>6,065,300</b>	<b>0.7</b>	<b>0</b>	<b>0</b>	<b>6,000,000</b>	<b>0.7</b>	<b>0</b>	<b>0</b>	<b>6,000,000</b>

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total

## Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Housing Finance Commission	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

NONE

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**Prepared by:** Ramona Nabors, OFM

**Phone:**  
(360) 902-0547

**Date Published:**  
Final 2/11/2021

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 1465 HB	<b>Title:</b> Progressive Estate Tax	<b>Agency:</b> 103-Department of Commerce
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Foreclosure Fairness Account-Non-Appropriated      17L-6	1,500,000	4,500,000	6,000,000	6,000,000	6,000,000
NEW-State      NEW-1	(1,500,000)	(4,500,000)	(6,000,000)	(6,000,000)	(6,000,000)
<b>Total \$</b>					

### Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.2	0.7	1.0	0.7	0.7
<b>Account</b>					
Foreclosure Fairness Account-Non-Appropriated 17L-6	1,500,000	4,500,000	6,000,000	6,000,000	6,000,000
<b>Total \$</b>	1,500,000	4,500,000	6,000,000	6,000,000	6,000,000

### 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 OBrien	Phone: 360-786-7152	Date: 02/01/2021
Agency Preparation: Nathan Peppin	Phone: 360-725-2868	Date: 02/10/2021
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 02/10/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/10/2021

## Part II: Narrative Explanation

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

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 6(2) is new and directs 10 percent of the receipts from taxes, penalties, interest, and fees collected under this chapter to be deposited into the new Equity in Housing Account.

Section 7 is new and adds to RCW 83.100 creating the Equity in Housing Account and establishes that expenditures from the account are only to be used to address homelessness, including foreclosure prevention, rental assistance, outreach engagement services, housing services, and behavioral health, with priority for agencies, programs and services which address current and historical racial inequities. Additionally, a minimum of at least \$6,000,000 biennially must be deposited into the Foreclosure Fairness Account created in RCW 61.24.172.

Section 8(3) is new and provides the eligible use of these funds as only for foreclosure prevention, with a priority to agencies, programs, and services that address current and historical racial inequities.

Section 10 this act takes effect August 1, 2021.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Section 7 states the legislature will appropriate at least \$6,000,000 biennially to the foreclosure fairness account. Cash receipts are based on Department of Revenue's fiscal note revenue forecast.

FY22: \$1,500,000

FY23: \$4,500,000

FY24-FY27: \$3,000,000 per fiscal year

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Section 8(3) assuming a total of \$6,000,000 in biennial funds, the department estimates program administration impacts in order to provide technical assistance to stand up the funding stream, negotiate contracts, engage legal services, and provide ongoing support and administration for the funds. As the foreclosure prevention activities will be new in fiscal year 2022, it is anticipated that the workload will be higher for the department in the first year with decreasing hours required the years following. The grant expenditures are to provide pass-through funding for contracts with partner agencies and other entities to provide equity based foreclosure prevention services through housing counseling, civil legal aid, and mediation. The department will develop a new process to address the awarding of these fund for the activities outlined in this legislation.

## PROGRAM ADMINISTRATION

0.2 FTE Commerce Specialist 5 (418 hours) in FY22 and 0.1 FTE (209 hours) in FY23-FY27 to stand up the new foreclosure prevention program and oversee the negotiation of foreclosure prevention contracts. Staff will

continue to supervise the new program and associated team members throughout the following fiscal years.

0.2 FTE Commerce Specialist 3 (418 hours) in FY22 and 0.15 FTE (313 hours) in FY23-27 to build capacity around the solicitation, management, and monitoring of foreclosure prevention contracts. Will assist senior management during policy meetings and with coordinating the state's role with respect to the implementation of the program.

0.5 FTE Commerce Specialist 2 (1,044 hours) in FY22 and 0.15 FTE (313 hours) for FY23-FY27 to provide program analysis and technical support. Staff will work to prepare proposals and process payments to vendors.

0.15 FTE Commerce Specialist 1 (313 hours) in FY22 and 0.05 FTE (104 hours) for FY23-FY27 to provide ongoing support and administration for the program.

Salaries and Benefits:

FY22: \$102,906

FY23-FY27: \$45,467 per fiscal year

Goods and Other Services:

FY22: \$34,135

FY23-FY27: \$26,632 per fiscal year

Attorney General costs of \$21,000 (100 hours), FY22-FY27 per fiscal year, for ongoing contract oversight in regards to the social equity requirements.

Equipment and Capital Outlays:

FY22: \$4,000

FY26: \$1,316

The cost of one workstation and one laptop replacement four years later.

Grants, Benefits and Client Services:

To provide pass-through funding for contracts with partner agencies and other entities to provide equity based foreclosure prevention services through housing counseling, civil legal aid, and mediation.

FY22: \$1,323,971

FY23: \$4,412,442

FY24-FY25: \$2,912,442 per fiscal year

FY26: \$2,911,126

FY27: \$2,912,442

Intra-agency Reimbursements:

FY22: \$34,988

FY23-FY27: \$15,459 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, and central services charges. Intra-agency Reimbursement-Agency administration costs (e.g., payroll, HR, IT,) are funded under a federally approved cost allocation plan.

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Total Costs  
 FY22: \$1,500,000  
 FY23: \$4,500,000  
 FY24-FY27: \$3,000,000 per fiscal year

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
17L-6	Foreclosure Fairness Account	Non-Appropriated	1,500,000	4,500,000	6,000,000	6,000,000	6,000,000
<b>Total \$</b>			1,500,000	4,500,000	6,000,000	6,000,000	6,000,000

#### III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.2	0.7	1.0	0.7	0.7
A-Salaries and Wages	74,504	33,058	107,562	66,116	66,116
B-Employee Benefits	28,402	12,409	40,811	24,818	24,818
C-Professional Service Contracts					
E-Goods and Other Services	34,135	26,632	60,767	53,264	53,264
G-Travel					
J-Capital Outlays	4,000		4,000		1,316
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	1,323,971	4,412,442	5,736,413	5,824,884	5,823,568
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	34,988	15,459	50,447	30,918	30,918
9-					
<b>Total \$</b>	1,500,000	4,500,000	6,000,000	6,000,000	6,000,000

#### 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 2022	FY 2023	2021-23	2023-25	2025-27
Agency Administration - Indirect	69,552	0.1	0.1	0.1	0.1	0.1
Commerce Specialist 1	56,856	0.2	0.1	0.2	0.1	0.1
Commerce Specialist 2	65,928	0.5	0.2	0.4	0.2	0.2
Commerce Specialist 3	76,416	0.2	0.2	0.2	0.2	0.2
Commerce Specialist 5	88,644	0.2	0.1	0.2	0.1	0.1
<b>Total FTEs</b>		1.2	0.7	1.0	0.7	0.7

#### 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**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

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

NONE

**Part V: New Rule Making Required**

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1465 HB	<b>Title:</b> Progressive Estate Tax	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

Account	FY 2022	FY 2023	2021-23	2023-25	2025-27
Education Legacy Trust Account-State 01 - Taxes 55 - Inheritance Tax	9,000,000	50,100,000	59,100,000	84,000,000	68,600,000
NEW-State 01 - Taxes 55 - Inheritance Tax	6,500,000	40,300,000	46,800,000	84,800,000	87,100,000
<b>Total \$</b>	15,500,000	90,400,000	105,900,000	168,800,000	155,700,000

### Estimated Expenditures from:

Account	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2		0.1		
GF-STATE-State 001-1	65,300		65,300		
<b>Total \$</b>	65,300		65,300		

### 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 OBrien	Phone: 360-786-7152	Date: 02/01/2021
Agency Preparation: Kim Davis	Phone: 360-534-1508	Date: 02/09/2021
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/09/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/09/2021

Request # 1465-2-2



## Part II: Narrative Explanation

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

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Note: This fiscal note reflects language in HB 1465 (H-0121.5), 2021 Legislative Session.

Note: This fiscal note reflects a revision to the revenues, and supersedes fiscal note number 1465-1.

#### CURRENT LAW:

The estate tax is a tax on the right to transfer property at the time of death. A Washington decedent or a non-resident decedent who owns property in Washington State may owe estate tax depending on the value of their estate.

For deaths in 2020, the applicable exclusion amount is \$2,193,000. An estate tax return is not required to be filed unless the gross estate is equal to or greater than the applicable exclusion amount.

The Washington taxable estate is the amount after all allowable deductions, including the applicable exclusion amount. The tax rate that is applied ranges between 10 to 20 percent, depending upon the Washington taxable estate.

Internal Revenue Code Section 2055 allows for a deduction from the value of the decedent's gross estate when the assets are transferred to one or more qualified charitable organizations.

All receipts from the estate tax are deposited into the Education Legacy Trust Account.

#### PROPOSED LAW:

For estates of decedents dying on or after August 1, 2021:

- The applicable exclusion amount is increased to \$2.5 million and increases annually by the Seattle area consumer price index.
- The estate tax rates are increased as follows:

Taxable Estate	Current Rate	New Rate
\$0 to less than \$1 million	10%	10.0%
\$1 million to less than \$2 million	14%	14.0%
\$2 million to less than \$3 million	15%	15.0%
\$3 million to less than \$4 million	16%	18.0%
\$4 million to less than \$6 million	18%	22.0%
\$6 million to less than \$7 million	19%	24.0%
\$7 million to less than \$9 million	19.5%	26.0%
\$9 million to less than \$12.5 million	20%	28.0%
\$12.5 million to less than \$22.5 million	20%	29.0%
\$22.5 million to less than \$100 million	20%	30.0%
\$100 million to less than \$1 billion	20%	35.0%
At least \$1 billion	20%	40.0%

Amounts transferred to qualified charitable organizations under IRC Section 2055 are disallowed as a deduction in computing the amount of tax due as follows:

- 25% of the first \$100 million.
- 75% of any amount in excess of \$100 million.

Qualified family-owned business interests (QFOBI) are amended for interests in a newspaper business as follows:

- the deduction is increased from \$2.5 million to \$5 million.

- the QFOBI does not have to exceed 50 percent of the decedent's Washington taxable estate.
- the QFOBI may exceed \$6 million.

Receipts from the estate tax must be deposited as follows:

- 90 percent to Education Legacy Account
- 10 percent to new Equity in Housing Account created in this proposal, of which at least \$6,000,000 per biennia is to be appropriated into the Foreclosure Fairness Account.

EFFECTIVE DATE:

August 1, 2021

## II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

ASSUMPTIONS:

- This proposal applies to deaths occurring on or after August 1, 2021.
  - All payments are made timely at the 9-month due date.
  - The first payments are due May 1, 2022, which results in two months of impact in Fiscal Year 2022.
  - Ten percent of all estate tax collected will be deposited in the Equity and Housing Account.
  - Ninety percent of all estate tax collections will be deposited in the Education Legacy Account.
  - NEW = Equity and Housing Account
- Using the forecasted Seattle Consumer Price Index, the estate tax exclusion amount is increased as follows:
    - 2021 - \$2,500,000
    - 2022 - \$2,563,000
    - 2023 - \$2,613,000
    - 2024 - \$2,661,000
    - 2025 - \$2,716,000
    - 2026 - \$2,772,000
    - 2027 - \$2,887,000

REVENUE PARTIALLY INDETERMINATE:

The amendment to the QFOBI deduction for newspapers reduces estate tax revenues. For any given year, it is unlikely that an owner of a family owned newspaper will become subject to estate tax. The size of the reduction to the revenues may vary largely based on the value of the assets of the company.

DATA SOURCES:

- Department of Revenue estate tax data
- Estate Tax Forecast Model (November 2020)
- Washington Economic Forecast Summary, Table 2.1, Seattle Consumer Price Index (November 2020)

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$15.5 million in the 2 months of impacted collections in Fiscal Year 2022, and by \$90.4 million in Fiscal Year 2023, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2022 - \$ 15,500  
 FY 2023 - \$ 90,400

FY 2024 - \$ 86,500  
 FY 2025 - \$ 82,300  
 FY 2026 - \$ 81,300  
 FY 2027 - \$ 74,400

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

**II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

**FIRST YEAR COSTS:**

The Department of Revenue will incur total costs of \$65,300 in Fiscal Year 2022. These costs include:

- Labor Costs – Time and effort equates to 0.2 FTEs.
  - Test system changes and update forms and information on the Department website.
- Object Costs - \$44,000.
  - Contracted system programming.

There are no ongoing costs.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	11,900		11,900		
B-Employee Benefits	4,300		4,300		
C-Professional Service Contracts	44,000		44,000		
E-Goods and Other Services	2,700		2,700		
G-Travel	700		700		
J-Capital Outlays	1,700		1,700		
<b>Total \$</b>	<b>\$65,300</b>		<b>\$65,300</b>		

**III. B - 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 2022	FY 2023	2021-23	2023-25	2025-27
EXCISE TAX EX 3	59,688	0.2		0.1		
<b>Total FTEs</b>		<b>0.2</b>		<b>0.1</b>		

**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**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

None.

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1465 HB	<b>Title:</b> Progressive Estate Tax	<b>Agency:</b> 148-Housing Finance Commission
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**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 OBrien	Phone: 360-786-7152	Date: 02/01/2021
Agency Preparation: Rich Zwicker	Phone: 2062874480	Date: 02/02/2021
Agency Approval: Robert Cook	Phone: 206 287 4432	Date: 02/02/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/02/2021

## Part II: Narrative Explanation

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

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

No fiscal impact. In addition, the Commission does not set, administer, or collect the tax or fee revenue contained in the bill.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish 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:** *List FTEs by classification and corresponding annual compensation. Totals need to 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

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

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

NONE

**Part V: New Rule Making Required**

**Bill No. 1465**  
**Fiscal Note Response**  
**Dated: February 1, 2021**

No Fiscal Impact:

No Fiscal Impact: Because the Commission is a non-appropriated, non-allocated agency, all costs administering the contracts on behalf of the Department of Commerce as contemplated in the legislation will be from the Commission's operating funds and/or contract administration. Therefore, the Commission believes it has no fiscal impact on the state's budget.

In addition, the Commission does not set, administer, or collect the taxes or fees contained in the bill.

Contact:

Rich Zwicker  
([rich.zwicker@wshfc.org](mailto:rich.zwicker@wshfc.org))  
206-735-6477  
Washington State Housing Finance Commission





# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b> 1465 HB	<b>Title</b> Progressive Estate 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 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	2022-31 TOTAL
Department of Commerce	1,500,000	4,500,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	30,000,000
Department of Revenue	15,500,000	90,400,000	86,500,000	82,300,000	81,300,000	74,400,000	68,600,000	63,900,000	60,300,000	56,900,000	680,100,000
Housing Finance Commission	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>17,000,000</b>	<b>94,900,000</b>	<b>89,500,000</b>	<b>85,300,000</b>	<b>84,300,000</b>	<b>77,400,000</b>	<b>71,600,000</b>	<b>66,900,000</b>	<b>63,300,000</b>	<b>59,900,000</b>	<b>710,100,000</b>



# Ten-Year Analysis

<b>Bill Number</b> 1465 HB	<b>Title</b> Progressive Estate Tax	<b>Agency</b> 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	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	2022-31 TOTAL
	17L	1,500,000	4,500,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	30,000,000
<b>Total</b>		1,500,000	4,500,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	30,000,000
<b>Biennial Totals</b>		6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	30,000,000

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 7 legislature appropriates a minimum of \$6,000,000 biennially to the foreclosure fairness account.

Agency Preparation: Nathan Peppin	Phone: 360-725-2868	Date: 2/10/2021 10:36:12 am
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 2/10/2021 10:36:12 am
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 2/11/2021 9:35:03 pm



# Ten-Year Analysis

<b>Bill Number</b> 1465 HB	<b>Title</b> Progressive Estate Tax	<b>Agency</b> 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 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	2022-31 TOTAL
Estate Tax	08A	9,000,000	50,100,000	44,900,000	39,100,000	37,600,000	31,000,000	25,100,000	20,300,000	19,200,000	18,100,000	294,400,000
Estate Tax	NEW	6,500,000	40,300,000	41,600,000	43,200,000	43,700,000	43,400,000	43,500,000	43,600,000	41,100,000	38,800,000	385,700,000
<b>Total</b>		<b>15,500,000</b>	<b>90,400,000</b>	<b>86,500,000</b>	<b>82,300,000</b>	<b>81,300,000</b>	<b>74,400,000</b>	<b>68,600,000</b>	<b>63,900,000</b>	<b>60,300,000</b>	<b>56,900,000</b>	<b>680,100,000</b>
<b>Biennial Totals</b>		<b>105,900,000</b>	<b>168,800,000</b>	<b>155,700,000</b>	<b>132,500,000</b>	<b>117,200,000</b>	<b>680,100,000</b>					

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Note: This fiscal note reflects language in HB 1465 (H-0121.5), 2021 Legislative Session.

Note: This fiscal note reflects a revision to the revenues, and supersedes fiscal note number 1465-1.

### CURRENT LAW:

The estate tax is a tax on the right to transfer property at the time of death. A Washington decedent or a non-resident decedent who owns property in Washington State may owe estate tax depending on the value of their estate.

For deaths in 2020, the applicable exclusion amount is \$2,193,000. An estate tax return is not required to be filed unless the gross estate is equal to or greater than the applicable exclusion amount.

The Washington taxable estate is the amount after all allowable deductions, including the applicable exclusion amount. The tax rate that is applied ranges between 10 to 20 percent, depending upon the Washington taxable estate.



# Ten-Year Analysis

<b>Bill Number</b> 1465 HB	<b>Title</b> Progressive Estate Tax	<b>Agency</b> 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)

Internal Revenue Code Section 2055 allows for a deduction from the value of the decedent's gross estate when the assets are transferred to one or more qualified charitable organizations.

All receipts from the estate tax are deposited into the Education Legacy Trust Account.

### PROPOSED LAW:

For estates of decedents dying on or after August 1, 2021:

- The applicable exclusion amount is increased to \$2.5 million and increases annually by the Seattle area consumer price index.
- The estate tax rates are increased as follows:

Taxable Estate	Current Rate	New Rate
\$0 to less than \$1 million	10%	10.0%
\$1 million to less than \$2 million	14%	14.0%
\$2 million to less than \$3 million	15%	15.0%
\$3 million to less than \$4 million	16%	18.0%
\$4 million to less than \$6 million	18%	22.0%
\$6 million to less than \$7 million	19%	24.0%
\$7 million to less than \$9 million	19.5%	26.0%
\$9 million to less than \$12.5 million	20%	28.0%
\$12.5 million to less than \$22.5 million	20%	29.0%
\$22.5 million to less than \$100 million	20%	30.0%
\$100 million to less than \$1 billion	20%	35.0%
At least \$1 billion	20%	40.0%

Amounts transferred to qualified charitable organizations under IRC Section 2055 are disallowed as a deduction in computing the amount of tax due as follows:

- 25% of the first \$100 million.
- 75% of any amount in excess of \$100 million.

Qualified family-owned business interests (QFOBI) are amended for interests in a newspaper business as follows:

- the deduction is increased from \$2.5 million to \$5 million.
- the QFOBI does not have to exceed 50 percent of the decedent's Washington taxable estate.
- the QFOBI may exceed \$6 million.



# Ten-Year Analysis

Bill Number	Title	Agency
1465 HB	Progressive Estate 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)

Receipts from the estate tax must be deposited as follows:

- 90 percent to Education Legacy Account
- 10 percent to new Equity in Housing Account created in this proposal, of which at least \$6,000,000 per biennia is to be appropriated into the Foreclosure Fairness Account.

EFFECTIVE DATE:

August 1, 2021

ASSUMPTIONS:

- This proposal applies to deaths occurring on or after August 1, 2021.
- All payments are made timely at the 9-month due date.
- The first payments are due May 1, 2022, which results in two months of impact in Fiscal Year 2022.
- Ten percent of all estate tax collected will be deposited in the Equity and Housing Account.
- Ninety percent of all estate tax collections will be deposited in the Education Legacy Account.
- NEW = Equity and Housing Account
  
- Using the forecasted Seattle Consumer Price Index, the estate tax exclusion amount is increased as follows:
  - 2021 - \$2,500,000
  - 2022 - \$2,563,000
  - 2023 - \$2,613,000
  - 2024 - \$2,661,000
  - 2025 - \$2,716,000
  - 2026 - \$2,772,000
  - 2027 - \$2,887,000

REVENUE PARTIALLY INDETERMINATE:

The amendment to the QFOBI deduction for newspapers reduces estate tax revenues. For any given year, it is unlikely that an owner of a family owned newspaper will become subject to estate tax. The size of the reduction to the revenues may vary largely based on the value of the assets of the company.

DATA SOURCES:

- Department of Revenue estate tax data



# Ten-Year Analysis

<b>Bill Number</b> 1465 HB	<b>Title</b> Progressive Estate Tax	<b>Agency</b> 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)

- Estate Tax Forecast Model (November 2020)
- Washington Economic Forecast Summary, Table 2.1, Seattle Consumer Price Index (November 2020)

### REVENUE ESTIMATES

This bill increases state revenues by an estimated \$15.5 million in the 2 months of impacted collections in Fiscal Year 2022, and by \$90.4 million in Fiscal Year 2023, the first full year of impacted collections.

### TOTAL REVENUE IMPACT:

#### State Government (cash basis, \$000):

FY 2022 -	\$ 15,500
FY 2023 -	\$ 90,400
FY 2024 -	\$ 86,500
FY 2025 -	\$ 82,300
FY 2026 -	\$ 81,300
FY 2027 -	\$ 74,400

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

Agency Preparation: Kim Davis	Phone: 360-534-1508	Date: 2/9/2021 9:24:29 am
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 2/9/2021 9:24:29 am
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 2/11/2021 9:35:03 pm



# Ten-Year Analysis

<b>Bill Number</b> 1465 HB	<b>Title</b> Progressive Estate Tax	<b>Agency</b> 148 Housing Finance Commission
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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												

Agency Preparation: Rich Zwicker	Phone: 2062874480	Date: 2/2/2021 9:45:16 am
Agency Approval: Robert Cook	Phone: 206 287 4432	Date: 2/2/2021 9:45:16 am
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 2/11/2021 9:35:03 pm