

Department of Revenue Fiscal Note

Bill Number: 5099 SB	Title: Estate tax/extraordinary rev	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
Education Legacy Trust Account-State 01 - Taxes 55 - Inheritance Tax				(6,550,000)	(30,750,000)
Developmental Disabilities Community Service Account-State 01 - Taxes 55 - Inheritance Tax				6,550,000	30,750,000
Total \$					

Estimated 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.

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Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/11/2023
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Request # 5099-1-1

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 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.

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

PROPOSED LAW:

Beginning in fiscal year 2024, 50% of estate tax receipts in excess of \$400,000,000 during any fiscal year must be transferred to the Developmental Disabilities Community Services Account. The state treasurer must transfer the funds within 60 days of being notified by the Department of Revenue (department) that receipts exceed \$400,000,000 during any fiscal year.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

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

- All payments are made timely at the 9-month due date.
- Gross receipts of estate taxes will not exceed \$400,000,000 until fiscal year 2027.
- No future changes to the exemption amount or estate tax rates.

DATA SOURCES

- Department, estate tax data
- Estate Tax forecast model (November 2022)

REVENUE ESTIMATES

The net impact to state revenues is zero. However, the Education Legacy Trust Account will lose \$6.6 million in fiscal year 2027, while the Developmental Disabilities Community Services Account will increase by an equal amount.

TOTAL REVENUE IMPACT: 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.

The department will have minimal costs of approximately \$2,650 in fiscal year 2024 associated with implementation and ongoing costs of \$650 per fiscal year associated with transferring funds. The department will absorb these costs within current funding.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

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