

Department of Revenue Fiscal Note

Bill Number: 1867 HB	Title: Estate tax filing/residences	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.2	0.1		
Account					
GF-STATE-State 001-1		19,300	19,300		
Total \$		19,300	19,300		

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.

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Request # 1867-1-1

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 resident or non-resident decedent who owns property in Washington may owe estate tax depending on the value of their estate.

An applicable exclusion amount and methods for adjusting it are set in statute. An estate tax return is not required to be filed unless the gross estate is equal to or greater than the annual applicable exclusion amount. Even though allowable deductions from the gross estate may result in no tax due, an estate tax return must still be filed.

PROPOSAL:

An estate tax return is not required to be filed if all the following criteria have been met:

- The decedent's estate is not otherwise required to file an estate tax return to claim a specific election.
- The estate doesn't owe any estate tax.
- A spouse survived the decedent and the decedent's qualifying family residence included in the decedent's gross estate passed from the decedent to the spouse.
- The decedent's gross estate is less than the applicable exclusion amount once the decedent's interest in the qualifying family residence value has been subtracted.

EFFECTIVE DATE:

This applies to decedents dying on or after January 1, 2025.

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

- This proposal applies to deaths occurring on or after January 1, 2025.
- All payments are made timely at the nine month due date.

DATA SOURCES

- Department of Revenue, Estate tax data

REVENUE ESTIMATES

This legislation results in no revenue impact on taxes administered by the Department of Revenue (department).

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.

FIRST YEAR COSTS:

The department will not incur any costs in fiscal year 2024.

SECOND YEAR COSTS:

The department will incur total costs of \$19,300 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.16 FTE.

- Create one new administrative rule.
- Amend one administrative rule.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.2	0.1		
A-Salaries and Wages		12,300	12,300		
B-Employee Benefits		4,100	4,100		
E-Goods and Other Services		1,900	1,900		
J-Capital Outlays		1,000	1,000		
Total \$		\$19,300	\$19,300		

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
EMS BAND 4	131,684		0.0	0.0		
EMS BAND 5	153,836		0.0	0.0		
MGMT ANALYST4	76,188		0.0	0.0		
TAX POLICY SP 2	78,120		0.0	0.0		
TAX POLICY SP 3	88,416		0.1	0.0		
TAX POLICY SP 4	95,184		0.0	0.0		
WMS BAND 3	111,992		0.0	0.0		
Total FTEs			0.2	0.1		

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 standard rulemaking process to adopt one new rule under

chapter 458-57 WAC. The department will use the expedited rulemaking process to amend WAC 458-57-105, titled: “Nature of estate tax, definitions.” Persons affected by this rulemaking would include estates of decedents who die on or after January 1, 2025.