

Multiple Agency Fiscal Note Summary

Bill Number: 2100 HB	Title: Payroll expense tax
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	29,000	0	0	1,269,000	0	0	1,154,000
Office of Administrative Hearings	0	0	0	0	0	428,000	0	0	375,000
Washington Technology Solutions	0	0	146,000	0	0	292,000	0	0	292,000
Employment Security Department	0	0	0	7,617,000,000	7,617,000,000	11,842,000,000	4,564,000,000	4,564,000,000	9,315,000,000
Total \$	0	0	175,000	7,617,000,000	7,617,000,000	11,843,989,000	4,564,000,000	4,564,000,000	9,316,821,000

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	Fiscal note not available					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	Fiscal note not available											
Office of the Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	Fiscal note not available											
Office of Attorney General	.2	0	0	29,000	3.8	0	0	1,269,000	3.5	0	0	1,154,000
Office of Administrative Hearings	.0	0	0	0	1.3	0	0	428,000	1.2	0	0	375,000
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington Technology Solutions	.0	0	0	146,000	.0	0	0	292,000	.0	0	0	292,000
Department of Enterprise Services	.0	0	0	11,200	.0	0	0	22,400	.0	0	0	22,400
Washington State University	Fiscal note not available											
Employment Security Department	17.8	11,392,156	11,392,156	11,392,156	29.5	14,731,690	14,731,690	14,731,690	26.5	11,007,082	11,007,082	11,007,082
Community and Technical College System	Fiscal note not available											
Total \$	18.0	11,392,156	11,392,156	11,578,356	34.6	14,731,690	14,731,690	16,743,090	31.2	11,007,082	11,007,082	12,850,482

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

NONE

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Administrative Office of the Courts	Fiscal note not available								
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Office of the Governor	Fiscal note not available								
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	Fiscal note not available								
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	Fiscal note not available								
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	Fiscal note not available								
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	Fiscal note not available								
Washington Technology Solutions	.0	0	0	.0	0	0	.0	0	0
Washington Technology Solutions	Fiscal note not available								
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	Fiscal note not available								
Washington State University	.0	0	0	.0	0	0	.0	0	0
Washington State University	Fiscal note not available								
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	Fiscal note not available								
Community and Technical College System	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

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Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Preliminary 1/20/2026
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Individual State Agency Fiscal Note

Bill Number: 2100 HB	Title: Payroll expense tax	Agency: 075-Office of the Governor
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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 Taylor	Phone: 360-786-7152	Date: 01/07/2026
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 01/12/2026
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 01/12/2026
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/15/2026

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.

House Bill 2100 establishes a tax on payroll expenses for large operating companies and creates the Well Washington Fund Account. Section 3 establishes a Well Washington Fund Oversight and Accountability Board, including five (5) members appointed by the Governor, to provide guidance and recommendations related to mitigating the impacts of federal funding reductions. The five members appointed by the Governor (with consent of the Senate) should have expertise on the intersection of federal and state funding in the following five areas: higher education, health care (especially Medicaid), cash assistance programs, housing, and the environment. In addition, the Governor shall designate one (1) of the two (2) cochairs.

The Office of the Governor does not anticipate a fiscal impact as a result of this bill. Any responsibilities assigned to the Governor are limited to the appointment of board members and routine executive oversight, which can be accomplished within existing resources and staffing levels.

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.

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: 2100 HB	Title: Payroll expense tax	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Legal Services Revolving Account-State 405-1		29,000	29,000	1,269,000	1,154,000
Total \$		29,000	29,000	1,269,000	1,154,000

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	0.3	0.2	3.8	3.5
Account					
Legal Services Revolving Account-State 405-1	0	29,000	29,000	1,269,000	1,154,000
Total \$	0	29,000	29,000	1,269,000	1,154,000

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 Taylor	Phone: 360-786-7152	Date: 01/07/2026
Agency Preparation: Dan Jensen	Phone: 360-664-9429	Date: 01/12/2026
Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 01/12/2026
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/19/2026

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.

Part I – Legislative Intent

Section 1 – New Section. Legislative findings.

Part II – Well Washington Fund Account

Section 2 – New Section. Creates the well Washington fund account and deposits 51% of the high earner’s payroll tax imposed under section 4 into this account. The remaining amounts are deposited into the general fund.

Part III – Well Washington Fund Oversight and Accountability Board

Section 3 – New Section. Establishes the Well Washington Fund Oversight and Accountability Board, which includes ten members of the house of representatives, ten members of the senate, and five members appointed by the Governor with respective expertise in certain defined areas. Provides purposes of the board and an annual reporting requirement to the house appropriations committee and the senate ways and means committee.

Part IV – High Earners Payroll Tax on Large Operating Companies

Section 4 – New Section. Imposes a payroll expense tax on high earning jobs on large operating companies engaged in business in Washington beginning July 1, 2026. Establishes the tax rate and provides definitions for “high earning job” and “large operating company.” Clarifies that the tax is imposed on employers and that employers may not deduct employee wages from the tax base.

Section 5 – New Section. Provides a tax exemption for any employer with total employee wages less than \$7,000,000 during the prior calendar year.

Section 6 – New Section. Allows a tax credit for any eligible city payroll expense tax paid by the employer. Provides additional requirements regarding the credit.

Section 7 – New Section. Definitions.

Section 8 – New Section. Requires employers to make reports, furnish information, and collect and remit taxes to the Employment Security Department (ESD). Provides timeframe employers must keep records, a public inspection exemption for information obtained under this chapter, and ESD collection authority.

Section 9 – New Section. Imposes penalties on employers who willfully fail to make required reports and remit the full amount of taxes when due. ESD is required to enforce the collection of penalties through conference and conciliation.

Section 10 – New Section. Imposes interest on taxes not paid on the due date. Provides additional requirements related to the imposition of interest and gives ESD rulemaking authority.

Section 11 – New Section. Makes tax due immediately when a business subject to the tax quits, sells out, exchanges, or otherwise disposes of its assets. Establishes successorship liability.

Section 12 – New Section. Gives ESD authority to issue assessments for delinquent tax, penalties, or interest.

Section 13 – New Section. Gives ESD authority to issue jeopardy assessments when it has reason to believe that the employer is insolvent, or it has reason to believe that taxes due will be jeopardized by delayed collection.

Section 14 – New Section. Gives ESD collection authority by distraint, seizure, and sale if amounts are not paid by their due dates.

Section 15 – New Section. Provides procedure for ESD to seize and sale property collected under section 14.

Section 16 – New Section. Gives ESD authority to issue notices and orders to withhold and deliver property subject to seizure. Provides additional requirements related to the notices and orders.

Section 17 – New Section. Gives ESD authority to file for a tax warrant with the clerk of any county within the state. Provides requirements and procedure for obtaining a tax warrant from a county.

Section 18 – New Section. Gives authority for tax liens for unpaid taxes due under this act.

Section 19 – New Section. Explains priority of tax liens.

Section 20 – New Section. Allows for civil actions to collect unpaid tax, interest, or penalties. Provides requirements for service of process.

Section 21 – New Section. Allows for injunctions from continuing in business for employers who are delinquent in paying

tax, interest, or penalties.

Section 22 – New Section. Gives ESD authority to compromise any claim for tax, interest, or penalties due under this act.

Section 23 – New Section. Allows ESD to charge off uncollectible accounts.

Section 24 – New Section. Allows aggrieved parties to appeal any determination of amounts due to the ESD commissioner who can request the assignment of an ALJ under Chapter 34.12 RCW.

Section 25 – New Section. Gives employers 30 days to appeal an assessment with ESD. Provides additional requirements related to appeal rights and the finality of ESD tax assessments.

Section 26 – New Section. Provides authority for when an appeal petition is deemed filed and received.

Section 27 – New Section. Provides procedure for appeal of an assessment.

Section 28 – New Section. Provides hearing procedures for appeals filed under this act.

Section 29 – New Section. Allows for ESD commissioner review of the ALJ's decision.

Section 30 – New Section. Provides additional procedure for the ESD commissioner's review under section 29.

Section 31 – New Section. Explains when the commissioner's review is final.

Section 32 – New Section. Explains applicability of findings in appeals under this act to actions involving the employer or employees outside of this chapter.

Section 33 – New Section. Allows the ALJ or commissioner to waive the time limitations for administrative appeals or petitions under this chapter.

Section 34 – New Section. Provides for judicial review of commissioner decisions.

Section 35 – New Section. Judicial review of the commissioner's decision is subject to the procedural requirements of RCW 34.05.452.

Section 36 – New Section. Explains that this chapter provides the exclusive remedies for determining the correctness of an assessment or refund under this chapter.

Section 37 – New Section. Explains how tax proceeds are deposited before and after July 1, 2027.

Section 38 – New Section. Provides a procurement exemption for ESD for purposes of implementing the new title created in section 42 of this act.

Section 39 – New Section. Gives ESD rulemaking authority to implement this act.

Section 40 – New Section. Act is known as the Well Washington Fund Act.

Section 41 – New Section. Severability clause.

Section 42 – New Section. Codifies sections 1 and 3-40 under a new chapter in a new title as 50C RCW.

Section 43 – New Section. This act is necessary for the support of state government.

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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Employment Security Department. The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

ESD will be billed for non-King County rates:

FY 2026: \$0

FY 2027: \$29,000 for 0.1 Assistant Attorney General FTE (AAG), .1 Paralegal 1 FTE (PL1)

FY 2028: \$647,000 for 2.1 AAG, and 1.1 PL1

FY 2029: \$622,000 for 2.0 AAG, and 1.0 PL1

FY 2030: \$622,000 for 2.0 AAG, and 1.0 PL1

FY 2031 and in each FY thereafter: \$532,000 for 1.7 AAG, and 0.9 PL1

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.

Attorney General's Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2026 legislative session.

Location of staffing is assumed to be in a non-King County office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA) is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO Licensing & Administrative Law Division (LAL) Legal Services for the Employment Security Department (ESD).

The AGO will bill ESD for legal services based on the enactment of this bill.

In FY 2027 and FY 2028, ESD anticipates engaging in rulemaking (authorized in Section 39), communication and outreach to implement provisions of HB 2100. LAL anticipates providing legal advice to ESD on rulemaking and other aspects of bill implementation, including vendor contract procurement and management, review of key public communications, privacy and confidentiality advice, and development and review of operational processes. The AGO anticipates legal advice needs related to implementation would require 180 AAG hours in FY 2027 and FY 2028 and 40 hours of continuing advice needs in FY 2029 onward.

ESD anticipates that the enactment of this bill will result in ESD issuing orders and notices of assessment for unpaid taxes, penalties and interest. (Section 12) ESD also anticipates making determinations related to exemptions from the law (Section 5) and credits for city payroll taxes paid (Section 6). Each of these determinations are appealable by an aggrieved party. ESD also anticipates an initial 80 percent referral rate of appeals to the AGO for representation in hearings at the Office of Administrative Hearings (OAH) and in court, based on orders and notices of assessment under Section 12 and exemption or credit determinations under Section 5 and Section 6. This is expected to result in 86 appeals to the AGO in FY 2028 through FY 2030, 64 appeals in FY 2031, and 54 appeals in FY 2032. The appeals not referred to the AGO for representation at hearing will be resolved by ESD staff.

Each appeal referred to the AGO for hearing is anticipated to result in an average 40 hours of AAG time for prehearing conferences, discovery, motions, prehearing briefing, oral argument, exhibit submission, witness examination, post hearing briefing, and client communications.

LAL total workload hours:

FY 2026: 0 AAG hours

FY 2027: 180 AAG hours

FY 2028: 3,620 AAG hours

FY 2029: 3,480 AAG hours

FY 2030: 3,480 AAG hours

FY 2031: 3,000 AAG hours

LAL total non-King County workload impact:

FY 2026: \$0

FY 2027: \$29,000 for 0.1 AAG, 0.1 PL1
 FY 2028: \$647,000 for 2.1 AAG, 1.1 PL1 which includes direct litigation costs of \$43,000
 FY 2029: \$622,000 for 2.0 AAG, 1.0 PL1 which includes direct litigation costs of \$43,000
 FY 2030: \$622,000 for 2.0 AAG, 1.0 PL1 which includes direct litigation costs of \$43,000
 FY 2031 and in each FY thereafter: \$532,000 for 1.7 AAG, 0.9 PL1 which includes direct litigation costs of \$32,000

2. The AGO Revenue Division (REV) has reviewed this bill and determined it will not impact the provision of legal services to the Office of the State Treasurer (OST), Department of Revenue (DOR), and Office of Administrative Hearings (OAH). OST's role is limited to creating and managing an account, which will not require additional legal services. DOR will likely enter into an information sharing agreement with Employment Security Department. This may require some legal review, but can be handled within our existing resources. OAH Hearings will have an increase in cases as a result of HB 2100. However, increases in caseload for OAH does not necessarily mean that they will require additional legal resources from our office. New legal services are nominal, and costs are not included in this request.

3. The AGO Transportation and Public Construction Division (TPC) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Department of Enterprise Services (DES). The enactment of HB 2100 will not impact the provision of legal services to DES because it will require minimal involvement of DES or its assigned AAGs related to the exemption from RCW 39.26 (Goods and Services Procurement) found in Section 38 of the bill, which issue can be addressed within normal advice on budgets. New legal services are nominal, and costs are not included in this request.

4. The AGO Solicitor General's Office (SGO) has reviewed this bill and determined it will not increase or decrease the division's workload. Therefore, no costs are included in this request.

AGO total workload hours:
 FY 2026: 0 AAG hours
 FY 2027: 180 AAG hours
 FY 2028: 3,620 AAG hours
 FY 2029: 3,480 AAG hours
 FY 2030: 3,480 AAG hours
 FY 2031: 3,000 AAG hours

AGO total workload impact:
 FY 2026: \$0
 FY 2027: \$29,000 for 0.1 AAG, 0.1 PL1
 FY 2028: \$647,000 for 2.1 AAG, 1.1 PL1 which includes direct litigation costs of \$43,000
 FY 2029: \$622,000 for 2.0 AAG, 1.0 PL1 which includes direct litigation costs of \$43,000
 FY 2030: \$622,000 for 2.0 AAG, 1.0 PL1 which includes direct litigation costs of \$43,000
 FY 2031 and in each FY thereafter: \$532,000 for 1.7 AAG, 0.9 PL1 which includes direct litigation costs of \$32,000

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
405-1	Legal Services	State	0	29,000	29,000	1,269,000	1,154,000
	Revolving Account						
Total \$			0	29,000	29,000	1,269,000	1,154,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		0.3	0.2	3.8	3.5
A-Salaries and Wages		21,000	21,000	835,000	762,000
B-Employee Benefits		5,000	5,000	218,000	199,000
C-Professional Service Contracts				86,000	75,000
E-Goods and Other Services		3,000	3,000	123,000	112,000
G-Travel				7,000	6,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	29,000	29,000	1,269,000	1,154,000

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 2026	FY 2027	2025-27	2027-29	2029-31
Assistant Attorney General	132,912		0.1	0.1	2.1	1.9
Management Analyst 5	98,040		0.1	0.1	0.7	0.7
Paralegal 1	71,148		0.1	0.1	1.1	1.0
Total FTEs			0.3	0.2	3.8	3.5

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Licensing and Administrative Law (LAL)		29,000	29,000	1,269,000	1,154,000
Total \$		29,000	29,000	1,269,000	1,154,000

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: 2100 HB	Title: Payroll expense tax	Agency: 110-Office of Administrative Hearings
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Hearings Revolving Account-State 484-1				428,000	375,000
Total \$				428,000	375,000

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	0.0	0.0	1.3	1.2
Account					
Administrative Hearings Revolving Account-State 484-1	0	0	0	428,000	375,000
Total \$	0	0	0	428,000	375,000

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 Taylor	Phone: 360-786-7152	Date: 01/07/2026
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 01/12/2026
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 01/12/2026
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/19/2026

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.

This bill creates a “Washington Wellness Fund” to be funded via a “payroll expense tax on high earning jobs.”

Section 9 of the appeal allows the imposition of penalties on employers who fail to make required reports or fail to remit taxes due. Section 9 further provides that these penalties may be appealed in accordance with Section 24.

Section 24 provides that aggrieved parties may file an appeal with the Commissioner of the Employment Security Department (ESD). The Commissioner will then request the assignment of an Administrative Law Judge to conduct a hearing and issue a proposed order. Appeals will be forwarded to the Office of Administrative Hearings.

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.

As a central service agency, the Office of Administrative Hearings (OAH) bills referring agencies for its costs and collects the revenue into the Administrative Hearings Revolving Account. Cash receipts are assumed to equal costs. OAH will bill the Employment Security Department for the costs related to this proposed legislation.

These cash receipts represent the OAH’s authority to bill and are not a direct appropriation to OAH. Appropriation authority is necessary in OAH’s budget.

Additional cash receipts:

FY2032: \$137,000

FY2033: \$109,000

FY2034: \$80,000

FY2035 and in each FY thereafter: \$52,000 per FY.

OAH rate increases assumed effective July 1, 2026 are not reflected in these costs.

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 Employment Security Department (ESD) estimates that the proposed legislation will result in new appeals being referred to the Office of Administrative Hearings (OAH) beginning in FY 2028. On average, each appeal is expected to take approximately 10 hours of Line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

Appeals assumed by ESD:

FY2027: 0

FY2028 through FY 2030: 86

FY2031: 64

FY2032: 54 0.84 FTE at a cost of \$137,000

FY2033: 43 0.67 FTE at a cost of \$109,000

FY2034: 32 0.43 FTE at a cost of \$80,000

FY2035 and in each FY thereafter: 21 0.24 FTE at a cost of \$52,000 per FY.

OAH Agency Workforce Assumptions:

(1) 1.0 Line ALJ will include cost and FTE for 0.15 Senior ALJ (SALJ), 0.15 Lead ALJ (LALJ), 0.6 Legal Assistant 2 (LA2) (Range 40 step L), and 0.25 administrative support represented as a Management Analyst 5 (MA5) (Range 64 Step L).

(2) ALJ salary is based on the ALJ collective bargaining agreement and assumed to be at step L. (Line ALJ-range 71, Senior ALJ-range 76, Lead ALJ-range 73).

(3) Benefit rates were analyzed by job class and projected using the latest benefit information available.

(4) Goods and services, travel and on-going capital outlays were projected based on historical data for each of the job classifications.

(5) Salary projections are based on the current FY 2026 salary tables.

Total workload impact:

FY 2027: No fiscal impact.

FY 2028 through FY2030: 0.61 ALJ, 0.09 SALJ, 0.09 LALJ, 0.37 LA2, 0.15 MA5 at a cost of \$214,000 per FY.

FY 2031: 0.46 ALJ, 0.07 SALJ; 0.07 LALJ; 0.28 LA2 and 0.12 MA5 at a rounded cost of 161,000.

Legal services associated with the enactment of this bill will begin on July 1, 2026.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
484-1	Administrative Hearings Revolving Account	State	0	0	0	428,000	375,000
Total \$			0	0	0	428,000	375,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years				1.3	1.2
A-Salaries and Wages				276,000	242,000
B-Employee Benefits				80,000	70,000
C-Professional Service Contracts				66,000	58,000
E-Goods and Other Services				2,000	2,000
G-Travel				4,000	3,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	428,000	375,000

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 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Law Judge	122,448				0.6	0.5
Lead Administrative Law Judge	128,688				0.1	0.1
Legal Assistant 2	62,877				0.4	0.3
Management Analyst 5	103,000				0.2	0.1
Senior Administrative Law Judge	138,552				0.1	0.1
Total FTEs					1.3	1.2

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Unemployment Insurance Division (UI)				428,000	375,000
Total \$				428,000	375,000

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.

Department of Revenue Fiscal Note

Bill Number: 2100 HB	Title: Payroll expense tax	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

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.

Legislative Contact: Tracey Taylor	Phone: 60-786-7152	Date: 01/07/2026
Agency Preparation: Tom Gilmore	Phone: 60-534-1559	Date: 01/12/2026
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/12/2026
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 01/15/2026

Request # 2100-1-1

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:

Employment taxes are taxes employers calculate and pay based on employee compensation.

Washington applies four employment taxes. These taxes support the Paid Family and Medical Leave program, the Long-Term Care Insurance program, unemployment insurance, and the Workers' Compensation Program. The Employment Security Department (ESD) administers the Paid Family and Medical Leave program, the Long-Term Care Insurance program, and unemployment insurance. The Department of Labor and Industries administers the Workers' Compensation Program.

PROPOSAL:

Beginning July 1, 2026, ESD will administer a 5.0% tax on compensation exceeding the minimum wages where the Treasury Decision 9645 of the Internal Revenue Service has determined the additional Medicare tax applies. The tax is imposed on the employer. An employer may not deduct from employee wages to pay this tax.

The new tax only applies to employers meeting all of the following criteria:

- Have total employee wages equal to or greater than \$7 million for the prior calendar year.
- Employ more than 20 employees.
- Maintain more than \$5,000,000 in gross receipts or sales.
- Maintain an address in the United States.

The bill allows a credit for eligible city payroll expense taxes the employer pays.

EFFECTIVE DATE:

The bill takes effect 90 days after the 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.

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.

The department will incur minimal costs of approximately \$4,000 for 55 hours of work by a manager and a fiscal analyst to work on statewide payroll testing scenarios and changes to systems, review weekly payroll processing, verify reports, and perform reconciliation. 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

Individual State Agency Fiscal Note

Bill Number: 2100 HB	Title: Payroll expense tax	Agency: 163-Washington Technology Solutions
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Washington Technology Solutions Revolving Account-State 458-1		65,000	65,000	130,000	130,000
Washington Technology Solutions Revolving Account-Non-Appropriated 458-6		81,000	81,000	162,000	162,000
Total \$		146,000	146,000	292,000	292,000

Estimated Operating Expenditures from:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
Washington Technology Solutions Revolving Account-State 458-1	0	65,000	65,000	130,000	130,000
Washington Technology Solutions Revolving Account-Non-Appropriated 458-6	0	81,000	81,000	162,000	162,000
Total \$	0	146,000	146,000	292,000	292,000

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 Taylor	Phone: 360-786-7152	Date: 01/07/2026
Agency Preparation: Sandra Timms	Phone: (360) 586-1000	Date: 01/12/2026
Agency Approval: Nenita Ching	Phone: 360-407-8878	Date: 01/12/2026
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/19/2026

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.

House Bill 2100 establishes an excise tax on large operating companies in Washington state, targeting payroll expenses above the minimum wage threshold for the additional Medicare tax. Key points include: creation of a dedicated fund, high earners payroll tax of 5%, exemptions for smaller companies, oversight by a 25-member board, detailed reporting and penalty requirements for employers, and administrative and judicial procedures for compliance and disputes.

Part IV – High Earners Payroll Tax on Large Operating Companies (Secs. 4–7)

- Sec. 4: Imposes a 5% payroll tax on wages above \$125,000 (per Treasury Decision 9645) for companies with more than 20 employees and \$5M in gross receipts.
- Employers cannot deduct the tax from employee wages.
- Sec. 5: Exempts companies with total employee wages under \$7M.
- Sec. 6: Allows credit for any city-level payroll taxes.
- Sec. 7: Defines key terms such as commissioner, department, employee, employer, employment, wages, and remuneration.

Part V – Employer Requirements, Penalties, and Tax Collection (Secs. 8–23)

- Employers must report, remit taxes, and maintain employment records for 6 years.
- Willful failures to report or remit taxes are subject to escalating penalties (\$75, \$150, \$250).
- Interest accrues at 1% per month for delinquent taxes.

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.

WaTech will not be collecting taxes as a result of this bill.

WaTech is funded from the Washington Technology Solutions Revolving Account (458). Revenues are collected from state agencies who receive allocations through the Central Services Model (CSM) and from state agencies through fee-for-service programs. It is assumed that the allocations in the CSM will be adjusted by the Legislature to ensure WaTech revenues are sufficient to support the required expenditures. WaTech will also need to increase rates for fee-for-service lines of business to generate additional fee-for-service 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.

The bill has a fiscal impact on WaTech operations. WaTech meets the definition of “Large Operating Company” as defined by Part IV Section 4.1(b)(2) and therefore, will need to pay the new payroll tax as outlined in Part IV of the proposed legislation.

At this time, WaTech does not meet the exemption outlined in Part IV Section 5 nor have any eligible city payroll expense tax as defined in Part IV Section 6.

The estimated impact to WaTech is \$146,000 annually. In the calculation, we assumed that taxes would be collected from WaTech for employees with annual wages above \$125,000. We used 2025 wages as a base and included a 2% cost of living adjustment (COLA) that will become effective July 1, 2026. The taxable amount is estimated to be \$2.92M; 5% of which is the estimated tax WaTech would pay annually (\$146,000). There will be additional workload for Finance staff to calculate and remit the payroll tax to Employment Security Department. The workload can be absorbed within existing resources.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
458-1	Washington Technology Solutions Revolving Account	State	0	65,000	65,000	130,000	130,000
458-6	Washington Technology Solutions Revolving Account	Non-Appropriated	0	81,000	81,000	162,000	162,000
Total \$			0	146,000	146,000	292,000	292,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits		146,000	146,000	292,000	292,000
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	146,000	146,000	292,000	292,000

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: 2100 HB	Title: Payroll expense tax	Agency: 179-Department of Enterprise Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
Enterprise Services Account-State 422-1	0	11,200	11,200	22,400	22,400
Total \$	0	11,200	11,200	22,400	22,400

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: 01/07/2026
Agency Preparation: Michael Diaz	Phone: (360) 407-8131	Date: 01/12/2026
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 01/12/2026
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/19/2026

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 4 is a new section that states beginning July 1, 2026, a payroll expense tax on "high earning jobs", as defined as jobs whose wages go above the Medicare tax limit of \$125,000, levied on "large operating companies", defined as a company that employs more than 20 people, maintains more than \$5,000,000 in gross receipts or sales, and maintains an address in the United States, and engages in business within the state of Washington. The tax is imposed on the employer and may not make any deductions from the employee to pay for it. The Department of Enterprise Services (DES) assumes that it would meet the definition of a large operating company and therefore would be subject to paying this tax.

Section 5 is a new section that states the payroll expense tax under section 4 does not apply to any employer with total employee wages less than \$7,000,000 for the prior calendar year. This does not apply to DES.

Section 8 is a new section that requires employers to make reports, furnish information, and collect and remit taxes as required by this chapter to the Employment Security Department (ESD). This can be done within existing resources.

Section 21 is a new section that states any employees who is delinquent in the payment of tax, interest, or penalties may be enjoined upon the suit of the state of Washington from continuing in business in this state until all amounts have been paid. DES would need to update contract language, which could be done during the normal course of business.

Section 38 is a new section that states ESD is exempt from the requirements of RCW 39.26 until October 1, 2026, for the purposes of implementing sections 1 and 3 through 40 of this act. This has no fiscal impact to DES.

Section 42 is a new section and states sections 1 and 3 through 40 of this act are a new chapter and to be codified as RCW 50C. This has no fiscal impact to DES.

This proposed legislation may cause an increase to future capital project costs; however, DES will incorporate these costs into future capital requests, therefore no fiscal impact to DES.

While the proposed legislation does not result in significant operational workload for DES, we assume that DES would meet the definition of a large operating company and therefore would be subject to paying this tax.

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.

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.

Section 4 is a new section that states beginning July 1, 2026, a payroll expense tax on "high earning jobs", as defined as jobs whose wages go above the Medicare tax limit of \$125,000, levied on "large operating companies", defined as a company that employs more than 20 people, maintains more than \$5,000,000 in gross receipts or sales, and maintains an address in the United States, and engages in business within the state of Washington. The tax is imposed on the employer and may not make any deductions from the employee to pay for it. The Department of Enterprise Services (DES) assumes that it would meet the definition of a large operating company and therefore would be subject to paying this tax.

DES current has 77 employees whose wages are above \$125K/year. The estimated annual payroll tax is \$11,200.

Total salary above \$125,000: \$1,246,773 X

Tax Rate: 0.90% =
\$11,221

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
422-1	Enterprise Services Account	State	0	11,200	11,200	22,400	22,400
Total \$			0	11,200	11,200	22,400	22,400

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits		11,200	11,200	22,400	22,400
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	11,200	11,200	22,400	22,400

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

Section 4 is a new section that states beginning July 1, 2026, a payroll expense tax on "high earning jobs", as defined as jobs whose wages go above the Medicare tax limit of \$125,000, levied on "large operating companies", defined as a

company that employs more than 20 people, maintains more than \$5,000,000 in gross receipts or sales, and maintains an address in the United States, and engages in business within the state of Washington. The tax is imposed on the employer and may not make any deductions from the employee to pay for it.

This proposed legislation may cause an increase to future capital projects; however, DES will incorporate these costs into future capital requests, therefore no fiscal impact to DES.

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: 2100 HB	Title: Payroll expense tax	Agency: 540-Employment Security Department
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
General Fund-State 001-1				7,617,000,000	1,564,000,000
Well WA Fund-State NEW-1				4,225,000,000	1,751,000,000
Total \$				11,842,000,000	3,315,000,000

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	35.6	17.8	29.5	26.5
Account					
General Fund-State 001-1	0	11,392,156	11,392,156	14,731,690	11,007,082
Total \$	0	11,392,156	11,392,156	14,731,690	11,007,082

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: 01/07/2026
Agency Preparation: Tina Swenson	Phone: 360 890 3500	Date: 01/15/2026
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 01/15/2026
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/19/2026

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: This is the legislative intent section noting that due to the federal H.R. 1 reconciliation bill there will be substantial cuts to public sector spending. This bill will create the “well Washington fund account” to maintain funding for such programs.

Section 2: Creates the well Washington fund account (WWFA). Beginning July 1, 2026, all revenue from the higher earners payroll tax on large operating companies will be deposited into the state general fund. Beginning July 1, 2027, and each year thereafter, 51% of all revenue will go into the WWFA. The remaining 49% plus any penalties and interest (P&I) will go to the state general fund. It also states that money in the WWFA may only be used for higher education, health care, cash assistant programs, and energy and housing programs.

Section 3: Establishes and sets membership standards for an oversight and accountability board.

Section 4: Sets the effective date of July 1, 2026. The payroll tax will be assessed on large operating employers in the amount of 5% for wages over the minimum wages subject to the additional Medicare tax wage (\$125,000 in 2026) in a calendar year. It cannot be deducted from the employee wages. It also sets the following definitions:

- High earning job: jobs with wages in excess of the minimum wages subject to the additional Medicare tax (\$125,000)
- Large operating company: any company that employs more than 20 people, maintains more than \$5 million in gross sales, and maintains an address in the US.

Section 5: Sets an exemption for employers with payroll under \$7 million in the prior calendar year.

Section 6: Establishes a credit for employers equal to what they pay a city payroll expense tax in the immediately prior state tax reporting period. The credit may not exceed what is paid on a city payroll tax.

Section 7: Sets definitions for the program to match that of 50A, including employee, employer, wages, and localization.

Section 8: Sets employer requirements to report, collect, and remit taxes to ESD. Also establishes that ESD engage in conference and conciliation.

Section 9 - 37: Establishes Employment Security Department's (ESD) authority to apply penalties and interest on employers failing to report or pay taxes owed with an effective date of January 1, 2027. Also sets the same standards for depositing the funds collected from P&I into the General Fund-State and WWFA as noted above.

Section 39: provides ESD rulemaking authority to implement.

Section 42: creates a new chapter as 50C.

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.

See Attached

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.

See Attached

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	0	11,392,156	11,392,156	14,731,690	11,007,082
Total \$			0	11,392,156	11,392,156	14,731,690	11,007,082

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		35.6	17.8	29.5	26.5
A-Salaries and Wages		3,517,701	3,517,701	5,135,205	4,462,424
B-Employee Benefits		1,407,080	1,407,080	2,054,082	1,784,970
C-Professional Service Contracts		4,198,240	4,198,240	2,192,480	
E-Goods and Other Services		1,373,165	1,373,165	4,047,341	3,629,078
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		895,970	895,970	1,302,582	1,130,610
Total \$	0	11,392,156	11,392,156	14,731,690	11,007,082

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 2026	FY 2027	2025-27	2027-29	2029-31
ADMINISTRATIVE ASSISTANT 4	61,644		1.0	0.5	0.3	
BUDGET ANALYST 3	67,992		0.5	0.3	0.5	0.5
COMMUNICATIONS CONSULTANT 4	71,472		0.3	0.1	0.5	0.5
DATA SCIENCE & INFORMATICS SPECIALIST 2	106,104		1.0	0.5	1.0	1.0
EMPLOYMENT SECURITY PROGRAM COORDINATOR 2	61,644				2.9	3.0
ES BENEFITS SPECIALIST 2	61,644				2.0	2.0
ES BENEFITS SPECIALIST 3	67,992		3.0	1.5	6.0	6.0
ES BENEFITS SPECIALIST 4	75,108		0.5	0.3	1.8	2.0
FISCAL ANALYST 5	80,820		1.0	0.5	1.0	1.0
IT APP DEVELOPMENT - JOURNEY	95,184		2.0	1.0	1.0	
IT APP DEVELOPMENT - SENIOR/SPECIALIST	110,184		3.0	1.5	1.0	1.0
IT BUSINESS ANALYST - JOURNEY	95,184		1.8	0.9	0.5	
IT DATA MANAGEMENT - SENIOR/SPECIALIST	104,928		2.0	1.0	1.0	1.0
IT POLICY & PLANNING - MANAGER	121,464		1.0	0.5	1.0	1.0
IT POLICY & PLANNING - SENIOR/SPECIALIST	110,184		1.0	0.5	0.3	
IT PROJECT MANAGEMENT - SENIOR/SPECIALIST	110,184		1.0	0.5	0.3	
IT QUALITY ASSURANCE - JOURNEY	95,184		2.0	1.0	1.0	1.0
IT SYSTEM ADMINISTRATION - JOURNEY	99,960		1.8	0.9	0.8	0.8
IT SYSTEM ADMINISTRATION - SENIOR/SPECIALIST	104,928		0.3	0.1	0.3	0.3
IT VENDOR MANAGEMENT - MANAGER	127,560		1.0	0.5		
MANAGEMENT ANALYST 3	67,992		1.0	0.5	0.3	
MANAGEMENT ANALYST 4	78,912		3.0	1.5	1.3	1.0
MANAGEMENT ANALYST 5	87,048		1.0	0.5	1.0	1.0
TAX POLICY SPECIALIST 3	91,464		1.5	0.8	0.6	0.5
TECHNICAL TRAINING CONSULTANT	75,108		1.0	0.5	0.3	
WMS BAND 1	98,716		1.0	0.5	1.0	1.0
WMS BAND 2	112,308		3.0	1.5	2.3	2.0
Total FTEs			35.6	17.8	29.5	26.5

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.

See attached Operating Narrative

HB 2100 creates chapter 50C in the Revised Code of Washington to develop a new excise tax program on large operating companies to establish the Well Washington Fund. This excise payroll tax is paid by the employer and collected through the Employment Security Departments (ESD) quarterly wage reporting and assessment system built for Paid Leave and WA Cares. The revenue collected through this tax will be split between the General Fund of the state and the Well Washington Fund, of which expenditures may only be used for higher education, health care, cash assistance programs, and energy and housing programs. Below is a summary of the relevant portions of this bill associated with implementation.

Section 3 – This section of the bill establishes the Well Washington fund oversight and accountability board. This board will consist of 25 members comprised of ten members of the house of representatives, ten members of the senate, and five members appointed by the governor.

Section 4 – This section states that effective July 1, 2026, a 5% payroll expense tax will be levied on large operating companies in Washington for employee wages exceeding the minimum wages subject to the additional Medicare tax within a calendar year and cannot be deducted from employee wages. Remitting the tax imposed will be set by department, which ESD assumes will be through quarterly wage reporting and collections built into the Paid Leave and WA Cares reporting system. This section defines the following:

- High earning job: mean any job with wages that exceed the minimum wages subject to additional Medicare tax, set at \$125,000.
- Large operating company: any company that employs more than 20 people, maintains more than \$5 million in gross receipts, and maintains an address in the United States.

Section 5 – This section provides an exemption to employers that have equal to or less than \$7 million in total payroll in the prior calendar year.

Based on current wage reporting around 98% of all employers in the state would be exempted based on having less than \$7 million in annual payroll. In 2026 there are assumed to be 5,022 employers that would be subject to the payroll tax, growing to about 6,480 by 2036.

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Exempt Employers	204,441	204,272	204,131	203,990	203,863	203,703	203,549	203,408	203,257	203,112	202,983
Non-exempt employers	5,022	5,191	5,332	5,473	5,600	5,760	5,914	6,055	6,206	6,351	6,480

Section 6 – This section provides a credit to employers paying into a city payroll expense tax. The credit is equal to the amount remitted to the city in the immediately prior reporting period and may not exceed the tax owed for the city payroll expense tax in effect as of Jan 1, 2024. It also states that ESD may enter data sharing contracts to facilitate administration of the credit, and no refunds will be granted for the credit.

Currently only the City of Seattle has a city payroll expense tax that would have employers eligible for the credit. According to the Washington Research Council, in 2021 and 2022 there were 484 and 497 respectively, paying into the City of Seattle’s payroll expense tax. ESD assumes that 500 employers would be eligible for the credit with a value of \$588 million to \$680 million annually through 2036. While this credit does come available to employers in July 2026, ESD will not have the financial systems in place to allow employers to claim the credit. However, ESD will retroactively apply any credit assessments from July 2026 through the implementation of the financial systems.

	FY26	FY27	FY28*	FY29	FY30+
Estimated Max Credit Value	\$0	\$0	\$1,258	\$667	\$680

Section 7 – This section of the bill provides definitions for key components of the bill. Notably, it aligns employer, employee, employment, localization, and wages to align with current Paid Leave RCW/WAC to build off the existing Paid Leave wage reporting and premium collection systems.

Sections 8-36 - These sections all refer to employer requirements, ESD’s authority to assess penalties and interest, and appeal processes. This language is modeled off Paid Leave RCW, and in summary allows ESD to engage in conference and conciliation prior to assessing penalties and interest. Assessing penalties and interest on non-compliant employers has an effective date of July 1, 2026.

Section 37 – Requires that all tax, interest, and penalties collected under HB 2100 for assessments through July 1, 2027 shall be deposited into the general fund of the state. Revenue collected after this date will be split with 49% going into the general fund of the state and 51% going to the Well Washington Fund.

Section 39 – This section grants ESD rulemaking authority to implement this bill.

ESD assumes the following staffing and department costs associated with implementing HB 2100 relating to assessing and collecting penalties and interest.

Information Technology

The technical work should this bill pass would be broken up into two phases: sections 4-7 relating to wage reporting, exemptions, credits, and tax collections, and sections 8-36 relating to assessing and collecting penalties and interest.

Section 4-7: Wage Reporting and Tax Collection

The technical build out for implementing wage reporting, tax assessments and payments, employer exemptions, and city credits will take 9-12 months of dedicated work including a 3-month stabilization period following implementation to make sure technology is accurately assessing and collecting the new tax as intended. This work is assumed to begin July 2026, which results in production and deployment prior to July 2027. While the effective date of tax assessments, payment collections, employer exemptions, and city tax credits become effective July 1, 2026, ESD will not have technical systems in

place to allow for employers to be properly assessed and make payments under this bill. In order to accommodate the requirements ESD will retroactively assess employers for the quarters beginning July 1, 2026, through the launch of the financial systems. ESD has explored other options, such as manual or paper filings, however without a financial system in place, ESD would not be able to collect and deposit the payments into the accounts. Additionally, ESD would not be able to accurately track assessments and payments, leading to internal audit concerns. ESD recognizes this will create a large tax assessment for employers for the full years' worth (July 2026 through July 2027) of payments due when the systems are in place.

Due to the type and amount of work needed to implement under the current effective dates, the technical work will need to be supplemented with contracted staff so that simultaneous work can be carried out on the various components. A high-level summary of the technical features that would need to be developed to implement this bill includes updates to:

- Employer wage reporting portal to account for new tax reporting instructions, including payment screens and link to payment processing for employers to view invoices, statements, and transactions relating to the new payroll tax.
- Systems to calculate tax assessments and credits, including processes for employers with amended wage reports.
- Financial system to track tax invoices and payments that can integrate with state accounting.
- Internal case management systems for employer services staff.
- Reporting systems and employer accounts to accommodate employer exemption annually.
- Systems to develop and implement credit request systems for employers and third-party administrators based on data sharing agreement with city payroll expense tax, including workflow, routing, and crossmatch for review.

Section 8-36: Penalties and Interest

The technical build out for implementing the penalties and interest portion of this bill will take about 9-12 months of dedicated work including a 3-month stabilization period following implementation to make sure technology is accurately assessing penalties and interest as intended. This work will begin in Aug 2026 and will build off work currently being developed for WA Cares and Paid Leave within ESD. This will result in production and deployment no earlier than Sep 2027, when the first assessments of penalties and interest could be accrued based on the Jan 1, 2027, effective date.

ESD will not have these systems in place by Jan 1, 2027. However, the bill requires conference and conciliation prior to assessing penalties and interest. Due to the type and amount of work needed to implement under the current effective dates of this bill, the technical work will need to be supplemented with contracted staff so that simultaneous work can be carried out on the various components. A high-level summary of the technical features that would need to be developed to implement this bill includes updates to:

- Case management system and workflows to track staff support regarding correspondence and decisions regarding conference and conciliation and penalties and interest assessments and payments.
- System to add interest calculation based on outstanding balances
- Financial systems for invoicing penalties assessments on employer accounts balances.

ESD will require contracted development teams. Although contract staff cost more, in order to meet the effective dates laid out in this bill, ESD will have to rely on contract staff for IT services. Based on the timelines in the bill, it is unlikely the program would be able to recruit, hire and train FTEs in the “key roles” and due to the specialized and intermittent nature of the work for the specialty services it is more cost effective to utilize contract services.

The contractors included in the technical estimate represent roles that are necessary for some or all technical work. There are two groups of contractors: key roles (e.g., principal architect) and specialty services (e.g., performance testing, security testing).

The implementation timeline runs from July 2026 through Dec 2027 and can be found in tables found the Product, Planning, and Performance section of the analysis.

The following IT positions will be needed for implementation July 2026 through Dec 2027:

Role	OFM job class	Hours	Cost
Development Team Scrum Lead	IT Project Management – Journey	3780 hours x \$115/hr.	\$434,700
Development Team Lead/Delivery Architect	IT Application Development – Senior/Specialist	3780 hours x \$115/hr.	\$434,700
Senior Application Developer	IT Application Development – Senior/Specialist	11,340 hours x \$160/hr.	\$1,814,400
Application Developer	IT Application Development – Journey	7560 hours x \$135/hr.	\$1,020,600
SDET – Integrated Test Engineer	IT Quality Assurance – Senior/Specialist	3780 hours x \$135/hr.	\$510,300
Quality Assurance (QA) Tester	IT Quality Assurance – Journey	7560 hours x \$110/hr.	\$831,600
Senior DevOps Engineer	IT Application Development – Senior/Specialist	1890 hours x \$125/hr.	\$236,250
DevOps Engineer	IT Systems – Journey	3780 hours x \$110/hr.	\$415,800
Principal Architect	IT Architecture Expert	210 hours x \$185/hr.	\$38,850

The following IT positions will be needed for implementation Nov 2026 through Dec 2027:

Role	OFM job class	Hours	Cost
Performance Test Team Lead (SDET)	IT Quality Assurance – Senior/Specialist	672 hours x \$175/hr.	\$117,600

Senior Perf Tester (SDET)	IT Quality Assurance – Senior/Specialist	672 hours x \$160/hr.	\$107,520
Perf Tester (SDET)	IT Quality Assurance – Journey	2016 hours x \$120/hr.	\$241,920
Senior Security Tester	IT Security – Senior/Specialist	504 hours x \$200/hr.	\$100,800
Security Tester	IT Security – Journey	504 hours x \$170/hr	\$85,680

Total IT Contractor cost: FY27 - \$4,198,240 FY28 - \$2,192,480

IT Infrastructure Related Costs

In addition to staffing, this bill will require some updates and additions to existing IT infrastructure and licensing to accommodate the implementation of HB 2100. Traditionally some of these costs could be absorbed within existing resources, however this new program cannot utilize funding sources from other ESD programs. There are two main drivers of infrastructure costs, software licensing and database hosting.

Software Licensing: Each IT position working on implementing HB 2100 will need software licensing such as Microsoft GS and Visual Studio, security testing software in order to develop the technical components of this bill. These costs have a high cost initially to account for the increased number of technical staff working on implementation but drop starting in FY 28 to account for the decrease in staff.

Database Hosting: To implement HB 2100 ESD program databases will need to be expanded to account for the new line of business. ESD will require on-going funding to host servers that relate to the case management, financial, and production databases. Each of these databases do require a staging, testing and production server. As the hosting of these databases are being added to existing programs there are cost savings compared to standing them up on their own and the amount assumed takes those savings into account.

Infrastructure Type	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Software Licensing	\$315,845	\$315,845	\$96,670	\$96,670	\$96,670	\$96,670	\$96,670	\$96,670	\$96,670	\$96,670
Database Hosting	\$422,138	\$449,340	\$503,542	\$519,359	\$535,967	\$553,405	\$571,715	\$590,941	\$611,128	\$632,005

Product, Planning, and Performance

Staffing estimates are based on past projects with similar sized scope and impact, such as adding penalties and interest to the Paid Leave and WA Cares wage reporting systems.

For projects that require technical development work, the Product Team design and plan the new customer- facing screens, workflows, and database modifications needed to implement the system and code changes needed if this bill were to pass. The Product team needs approximately 6-8 weeks lead time ahead of the development teams. To implement and maintain system features ESD assumes the following staff and timeline.

CY 26						CY 27						CY 28					
FY 27						FY 28						FY 29					
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ongoing Product Team for Tax Collections, Employer Exemptions, and City Credit: July 2026 and ongoing Work Resulting from HB 2100: This team will design and document technical solutions needed for IT teams to update technical systems related to wage reporting, tax collections, employer exemptions, and city credits. This work includes design and development of employer online accounts, updating employer toolkits, decision letters and notifications, adjusting inputs for system tax assessments, creating online forms for TPAs and employers, and updating internal staff case management functions relating to the new tax assessment, exemptions, and city credits.																	
Program Financials Product Team: Aug 2026 - Oct 2027 Work Resulting from HB 2100: This team will design and document technical solutions needed for IT teams to update technical systems related to ESD's financial systems. This includes the design and development of the calculations behind the tax assessments for employers, tax invoicing, updating payment screens and program statements, updating financial systems to collect payments by creating new accounts, journals, and connecting those to the payment processors.																	
Penalties and Interest Product Team: Sep 2026 - Dec 2027 Work Resulting from HB 2100: This team will design and document technical solutions needed for IT teams to update technical systems related to assessing and collecting penalties and interest. This includes expanding the case management system to manager conference and conciliation workflows and support audit and collections activities for non-compliant employers. This team will build off and update existing system being implemented in Paid Leave and WA Cares to align compliance functions across all programs utilizing the same wage reporting and payment collections technology.																	
Product and Change Management Team: July 2026 - Dec 2027 Work Resulting from HB 2100: This team will help facilitate project and change management of adding a new tax program to ESD's portfolio of work. This team will oversee schedules, support stakeholder engagement, ensure project timelines and budgets, develop strategic plans, and communicate changes to internal and external parties.																	

Product, Planning, and Performance staffing requirements for updating and developing the systems pertaining to tax collections, employer exemptions, and city credit:

- Senior Product Manager, 0.1 FTE on-going beginning July 2026.
- Product Analyst, 1 project FTE beginning July 2026 through Dec 2027.
- Business Systems Analyst, 1 FTE on-going beginning July 2026.

Product, Planning, and Performance staffing requirements for updating and developing the financial systems:

- Product Manager, 1 project FTE beginning July 2026 through Dec 2027.
- Business Systems Analyst, 1 project FTE beginning July 2026 through Dec 2027.

Product, Planning, and Performance staffing requirements for updating and developing the technical systems needed for assessing penalties and interest:

- Business Systems Analyst, 1 project FTE beginning Sep 2026 through Dec 2027.

Product, Planning, and Performance staffing requirements for updating and developing the financial systems:

- Project Manager, 1 project FTE beginning July 2026 through Dec 2027.
- Change Manager, 1 project FTE beginning July 2026 through Dec 2027.

Employer Requirements: Wage reporting, exemptions, city credit, and penalties and interest

HB 2100 has four major components in the bill that impact ESD's work and how employers engage with the agency.

- Sec 4 sets the payroll expense tax to be applied to wages subject to the additional Medicare tax, and defines high earning jobs, large operating company, and that the tax will be imposed on the employer.

- Sec 5 provides an exemption for employers who had less than \$7 million in total payroll in the prior year.
- Sec 6 allows employers subject to a city payroll tax the ability to request a credit for the amount paid to the city payroll tax in the prior year.
- Sec 8 and many of the remaining sections grant ESD the authority to assess penalties and interest on non-compliant employers.

To implement this bill, ESD will require the following operational staff in addition to the technical teams outlined above.

Employer Services

Employer Services staff will provide account support and conference and conciliation prior to assessing penalties and interest, same as currently required for the Paid Leave program. These staff will review wage reporting and premium remittances, resolve outstanding account issues and assist employer customers with questions on statements, balance notifications, payments, and reports.

Based on comparable work in Paid Leave, Employment Security expects to need 2 FTEs, ES Benefit Specialist 2s, to answer phone calls, respond to emails, assist employers in customer service with questions regarding account support and conference and conciliation efforts. These two FTEs would have the capacity to support 6,750 emails and 4,822 calls per year from employers enquiring about or needing assistance regarding the new tax program following the staffing assumptions below.

- Annual Direct Customer Service hours per FTE: 1,350 hours
- Avg time per email: 0.20 hours
- Avg time per phone call: 0.28 hours
- 1 specialist can respond to 3,375 emails and 2,411 calls per year.

Additionally, ESD expects to need 3 ES Benefit Specialists 3s to assist with employer account issue resolution, credit processing, exemption review requests, conference and conciliation cases, refunds for overpayments, and interest waiver requests. Some staff will begin starting June 2027 at the onset of tax assessments, exemptions, and credit implementation with the remainder onboarding when penalties and interest are implemented in Sep 2027. Below are the staffing assumptions for these positions.

- Hours to provide issue resolution, conference and conciliation, advanced referrals, refund validation and interest waiver requests, and credit processing per FTE: 1,350 hrs.
- Avg time per tax overpayment refund validation: 1 hour, estimating 200 per year: 200 hours
- Avg time per interest waiver review: 1.5 hour, 200 per year: 300 hours
- Avg time for conference and conciliation: 3 hours, 500 per year 1,500 hours
- Avg time for credit processing: 1 hour 500 per quarter: 2,000 hours
- Avg time for exemption review requests: 1hour 40 per year: 40 hours
- Avg time for referrals: 0.5 hour 200 per year: 100 hours

The two teams working on employer account support will require one supervisor to oversee day-to-day work and provide process support and one manager to manage and implement program process and strategies.

Should this bill pass, ESD assumes it would require additional staff to support appeals. Assumed number of appeals are based on historical appeal data of similar types in other programs managed by ESD such as Paid Leave and Unemployment Insurance. ESD assumes an additional 107 appeals in FY28 through FY35. This is comprised of 60 related to penalties and interest, 40 related to exemptions and wage reporting, and 7 related to the city credit. Each appeal is expected to take approximately 40 hours, which would require an additional 3 ES Benefit Specialist 3. This team requires an ES Benefit Specialist 4 Supervisor. The staffing assumptions can be found below.

Annual hours to process appeals per FTE: 1,350 hours

- Avg time per appeal: 40 hours
- 107 additional appeals annually
- $107 * 40$ avg hours per appeal = 4,280 hours of staff time in FY28 ~ 3 FTE

Appeal Type	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
P&I (effective Jan 2027)	0	0	60	60	60	60	60	60	60	60
Exemptions/Reporting (effective July 2026)	0	0	40	40	40	40	40	40	40	40
Credit (effective July 2026)	0	0	7	7	7	7	7	7	7	7
Total	0	0	107	107	107	107	107	107	107	107
Share referred to OAH and AGO	0%	0%	80%	80%	80%	60%	50%	40%	30%	20%
Total referred to OAH and AGO	0	0	86	86	86	64	54	43	32	21

This new tax program would require operational support staff. This includes updating processes and procedures, training staff on new laws and processes, coordinating staffing resources, providing internal logistical support, and leadership to provide program direction, guidance and strategic planning. This requires on-going support from a management analyst and program administrator, and temporary project support for an operations process coordinator and technical training consultant during the implementation of this bill.

Customer Compliance

After attempts have been made through the employer services team, ESD will assess penalties and interest for out of compliance employers. Employers may be out of compliance for either not reporting or mis-reporting wages and hours or failing to pay the excess payroll tax. ESD will require staff to serve as customer support for employers who have questions regarding penalties and interest, make

determinations on whether to apply penalties and interest after conference and conciliation, and perform additional account reconciliation activities.

The language for penalties and interest is modeled from the Paid Leave RCW that has yet to be implemented but features that are currently being developed. This bill would build penalties and interest functionality concurrently with Paid Leave. Assumptions for staffing requests are based on similar authorization granted to ESD in the Unemployment Insurance (UI) program. The UI has a non-compliance rate for employers is roughly 8%. The non-compliance rate for employers subject to the tax is assumed to be higher (10%) in FY28 due to an expected increase in reconciliation issues and awareness for a new tax program. This will drop to 8% in FY29 and thereafter as more employers become familiar with the program. With roughly 5,000-6,500 employers subject to the tax over the next ten years the compliance caseload would be around 500 non-compliance employers per year. Assuming a similar staffing model as with Unemployment Insurance this amount of work requires a minimum for the following staffing.

- 2 FTE beginning July 2027 and ongoing for Employment Security Program Coordinator 2 with another 1 on-going FTE beginning Oct 2027, responsible for collecting outstanding tax revenue, support ongoing customer service needs to answer phone calls, emails, and ongoing account reconciliation efforts.

In addition to increased staffing needs, ESD expects additional expenses associated with printing and postage costs related to informing employers of their exemption status, tax requirements, and program statements each year. For reference, Unemployment Insurance sends statements quarterly. This is roughly \$11,202 in FY26 increasing to \$14,450 over ten years using the assumptions below.

Mailing costs are based on average letter printing and postage costs of \$0.04 for printing and \$0.69 for metered postage, per letter. Each letter is expected to be two pages, resulting in each letter costing \$0.73.

- Per letter cost: \$0.73
- Non-exempt employers: 5,191 employers in FY27
- Number of mailings per non-exempt employer: 3 per year
- 5,191 employers * 3 mailers per year * \$0.73 cost per letter = \$11,368 in FY27

Additionally, it is assumed that 20% of employers will require billing statements.

- Per letter cost: \$0.73
- Non-exempt employers requiring billing statements: 5,191 * 20% = 1,038 employers in FY27
- Billing statements per employer: 12 monthly statements
- 1,038 employers * 12 monthly statements * \$0.79 cost per letter = \$9,840 in FY27

Printing & Postage	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Non- exempt employers	5,022	5,191	5,332	5,473	5,600	5,760	5,914	6,055	6,206	6,351	6,480
Mailer Cost	\$0	\$22,145	\$22,746	\$23,348	\$23,890	\$24,572	\$25,229	\$25,831	\$26,475	\$27,093	\$27,644

Research & Data

This bill adds complexity to the wage reporting, tax assessments, and revenue collections while also adds new data elements to be analyzed based on employers exempt for the tax and those eligible for the city credit. These additional components add new data to manage and analyze, adds complexity to existing data, and adds areas for internal and external data enquires.

ESD assumes that revenue forecasts and projections for this tax regarding state budgets will be carried out by the Economic and Revenue Forecast Council in conjunction with data provided by the research team. The research and data team assumes to provide data and analytic support but not taking the role of forecasting for the state budgets. This also assumes no large-scale evaluation or report based on this new tax program. Although there is no required reporting to legislature nor other similar entity, ESD assumes some reporting will be necessary by the authorizing environment to communicate aggregated information about employers, revenue, and credits. Additional support for the data sharing agreement with cities based on the credit will also be required.

- 0.8 FTE, beginning July 2026 and on-going, for an data science and informatics specialist 2 to provide user experience research for employers engaging in this new tax program, provide operational statistical analysis to support operational workload experience and support staffing models, to assess risk of problematic data relating to tax assessments, exemptions and credits, assist data regarding compliance issues, to respond to stakeholder questions, to inform decision-making, and support standard evaluation activities for portfolio projects.
- 0.2 FTE, beginning July 2026 and on-going, for a Research Manager to provide management and leadership to the research staff performing the work on the new tax program while providing strategic direction for developing data products related to the new tax program. This includes guidance on data requests, database structure, program performance, and support standard data tracking activities for portfolio projects, and assist financial divisions as well as external teams such as the Economic and Revenue Forecast Council.
- 1 FTE, a project position beginning July 2026 and ending Dec 2027, for a Data Engineer to develop a data warehouse creating customer datasets regarding the new tax, exemption, and city credit criteria, manage and support data sharing agreements with cities with employers eligible for the credit, and provide quality assurance on data.

Employment System Policy and Integrity

Currently there are seven chapters of RCW and dozens of WACs associated with the premiums and administration portions of the Paid Leave program. A similar number of rules is assumed to be necessary to implement this new tax program. Additionally, the development and ongoing support of knowledge bases articles used for informing staff on operational policies would be necessary. Implementing this new tax program will require a policy team dedicated to rule making and knowledge-based articles. This team would be comprised of the following.

- 1 FTE, a project position beginning July 2026 and ending Sep 2027, for an Operational Policy Analyst to lead the rulemaking efforts and provide analysis of applicable RCWs and WACs

associated with the implementation of this new tax program, such as developing rules on employer exemptions, tax obligations, and city credits.

- 0.5 FTE, beginning July 2026 on-going, for an Operational Policy Analyst to support the analysis of program WACs and RCWs and draft internal policies and amend standard operating procedures to support operational policies within ESD.

Financial Services

In addition to setting up a new line item of tax collections for ESD, this bill requires the tax revenue collected from this new tax be transferred over to the general fund of the state in the first year of assessments. All subsequent assessments will be split, with 51% going to the Well Washington Fund (WWFA) and 49% going to the general fund of the state. To accommodate the implementation of this bill, the financial services team would require staff to support the treasury management processes, track, monitor and analyze operating expenses as well as set up new processes to transfer the funds to the state treasury. This includes incorporating the new tax into Dynamic 365 to track the revenue and employer information. These positions would work the technology teams to ensure proper accounting processes are developed in the financial accounts. This necessitates 1 FTE for a treasury and research analysis supervisor and 0.5 FTE for a budget analyst.

Communications

The communications team will create and implement a communications plan to track edits and outreach needed to communicate the new tax program to employers. This would require a large-scale communications plan to inform employers of the new tax requirements, how ESD will enforce it, including taxable wages and applicable rates, their responsibility to pay, how to file the required information, and how to submit payments. This will also include specialized communications to employers that are not exempt and those who may be eligible for the city credit.

The scope of work includes web content, guides and toolkits for customers and employers, and public-facing program materials used throughout the agency for outreach to customers, employers and HR departments. Communications will use GovDelivery newsletters to contact employers (small and large), customers and other key audiences to inform about the changes and new resources. The communications team will work with the project team to review and approve FAQs, talking points or other materials used by the agency for outreach, so that messaging to the public is aligned and consistent. All of this work will require the following existing staff.

- 0.25 FTE in FY27 and 0.5 FTE ongoing Communications Consultant 4
- 0.02 FTE ongoing WMS 2 (absorbed)

Office of Administrative Hearings (OAH) and Attorney's General Office(AGO)

The assumptions below are built off the historical experience of existing programs. The number of appeals related to penalties and interest are based on similar statutes established and implemented in Unemployment Insurance. Additionally, the number of appeals ESD assumed relating to employer exemptions and wage reporting are based on the historical experience during program launch of Paid Leave and WA Cares reporting. These total numbers of appeals referred to OAH and AGO have been

adjusted to account for the assumed experience related to HB 2100. Historically, the ESD refers to about 60% of appeals to OAH and even fewer to AGO for representation. However, ESD assumes significantly more involvement from OAH and AGO on these appeals due to confusion around the proposed new program tax, higher assessed taxes per employer, and the value of the city credit for eligible employers. As the value of assessed tax or city credits could be in the millions of dollars ESD assumes higher involvement of OAH and AGO than in similar programs administered by ESD. Therefore, this analysis assumes the share referred to OAH and AGO to start at 80% in the first years of implementation but drop down to 20% by FY35. In addition to the appeals, AGO assumes 180 hours of legal advice in FY28 and FY28 related to the implementation of HB 2100 and 40 hours per FY going forward.

Appeal Type	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
P&I (effective Jan 2027)	0	0	60	60	60	60	60	60	60	60
Exemptions Reporting (effective July 2026)	0	0	40	40	40	40	40	40	40	40
Credit (effective July 2026)	0	0	7	7	7	7	7	7	7	7
Share Referred to OAH and AGO	N/A	N/A	80%	80%	80%	60%	50%	40%	30%	20%
Total Referred to OAH and AGO	0	0	86	86	86	64	54	43	32	21
Estimated OAH Costs	\$0	\$0	\$214,000	\$214,000	\$214,000	\$161,000	\$137,000	\$109,000	\$80,000	\$52,000
Estimated AGO Costs	\$0	\$29,000	\$647,000	\$622,000	\$622,000	\$532,000	\$365,000	\$294,000	\$219,000	\$146,000

Cash Receipts/Revenue

The cash receipts are partially indeterminate. ESD does not know how much the city credits will be. There is currently only one city with an excess wage tax that would qualify for the credits.

There are four components of this bill that impact fiscal year estimates.

1. Exemption status for employers is based on calendar year payroll in the prior year. ESD assumes there will be an estimated 5,191 employers in calendar year 2027 subjected to the payroll tax taking. The number of employers is assumed to grow to 6,480 by 2036.
2. Wages subject to the tax, those exceeding the minimum wages subject to additional Medicare tax set at \$125,000, are accrued by employees throughout the calendar year.
3. Wage reporting and tax remittances from employers are due to ESD one month following the end of the quarter and credits for employers paying a city payroll expense tax receive credit to the state payroll expenses tax based on their quarter's city payroll expense tax payment.
4. There is to be no assumed tax revenue collected by ESD in fiscal year 2027 due to an inability for ESD to have the financial systems in place to accommodate the July 1, 2026, effective date. However, all assessments from that date through the launch of those systems will be retroactively assessed and collected in fiscal year 2028. of the assessed tax requirements beginning July 1, 2026. ESD recognizes that this may put a large tax burden on these employers, but this is the only feasible way to accommodate the effective date in this bill.

Due to the lag in collections, fiscal year assessments don't align with fiscal year collections. For example, fiscal year 2029 contains estimated tax revenue collections from Q2-Q4 of calendar year 2028 and Q1 of calendar year 2029. This is because premiums are remitted to Employment Security one month following the end of the quarter.

- Total Revenue (pre credit): In fiscal year 2028 ESD assumes total revenue prior to employer credits to be about \$8.8 billion. This includes the retroactive assessments from fiscal year 2027 and assessments from fiscal year 2028. By fiscal year 2036 this is roughly \$7.1 billion per year.
- Total City Credit: The total estimated value of the city credit is about \$1.3 billion in fiscal year 2028, accounting for credits in fiscal year 2027 and 2028. This is about \$680 million per fiscal year from 2031 on.
- Total Revenue (post credit): The total estimated revenue after applying the city credit to eligible employers is about \$7.6 billion in fiscal year 2028. This accounts for retroactive collections in fiscal year 2027 and fiscal year 2028. Annual estimates per fiscal year are about \$6.4 billion by fiscal year 2036.

Fiscal Year	Total Revenue (pre credit)	Total City Credit Value	Total Revenue After Applying Tax Credits	Amount Attributable to the GFS	Amount Attributable to the Well Washington Fund
2027	\$0	\$0	\$0	\$0	\$0
2028**	\$8,825	\$1,258	\$7,567	\$5,522	\$2,045
2029	\$4,941	\$667	\$4,275	\$2,095	\$2,180
2030	\$5,190	\$669	\$4,521	\$2,215	\$2,306
2031	\$5,473	\$680	\$4,794	\$2,349	\$2,445
2032	\$5,769	\$680	\$5,089	\$2,494	\$2,595
2033	\$6,080	\$680	\$5,400	\$2,646	\$2,754

2034	\$6,403	\$680	\$5,724	\$2,805	\$2,919
2035	\$6,744	\$680	\$6,065	\$2,972	\$3,093
2036	\$7,101	\$680	\$6,421	\$3,146	\$3,275

*Values reported in millions

** FY 28 accounts for retroactive collections from FY 27



Multiple Agency Ten-Year Analysis Summary

Bill Number 2100 HB	Title Payroll expense 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 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Office of the Governor	0	0	0	0	0	0	0	0	0	0	0
Office of Attorney General	0	0	0	0	0	0	0	0	0	0	0
Office of Administrative Hearings	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	0	0	0	0	0	0	0	0	0	0
Washington Technology Solutions	0	0	0	0	0	0	0	0	0	0	0
Department of Enterprise Services	0	0	0	0	0	0	0	0	0	0	0
Employment Security Department Partially Indeterminate Impact	0	0	7,567,000,000	4,275,000,000	4,521,000,000	4,794,000,000	5,089,000,000	5,400,000,000	5,724,000,000	6,065,000,000	3,435,000,000
Total	0	0	7,567,000,000	4,275,000,000	4,521,000,000	4,794,000,000	5,089,000,000	5,400,000,000	5,724,000,000	6,065,000,000	3,435,000,000



Ten-Year Analysis

Bill Number 2100 HB	Title Payroll expense tax	Agency 075 Office of the Governor
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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: Kathy Cody	Phone: (360) 480-7237	Date: 1/12/2026 5:05:05 pm
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 1/12/2026 5:05:05 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2100 HB	Title Payroll expense tax	Agency 100 Office of Attorney General
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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: Dan Jensen	Phone: 360-664-9429	Date: 1/12/2026 4:59:00 pm
Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 1/12/2026 4:59:00 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2100 HB	Title Payroll expense tax	Agency 110 Office of Administrative Hearings
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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: Pete Boeckel	Phone: 360-407-2730	Date: 1/12/2026 3:27:43 pm
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 1/12/2026 3:27:43 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2100 HB	Title Payroll expense 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

Name of Tax or Fee	Acct Code											

Agency Preparation: Tom Gilmore	Phone: 360-534-1559	Date: 1/12/2026 9:52:18 am
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 1/12/2026 9:52:18 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2100 HB	Title Payroll expense tax	Agency 163 Washington Technology Solutions
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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: Sandra Timms	Phone: (360) 586-1000	Date: 1/12/2026 1:25:06 pm
Agency Approval: Nenita Ching	Phone: 360-407-8878	Date: 1/12/2026 1:25:06 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2100 HB	Title Payroll expense tax	Agency 179 Department of Enterprise Services
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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: Michael Diaz	Phone: (360) 407-8131	Date: 1/12/2026 9:15:37 am
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 1/12/2026 9:15:37 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2100 HB	Title Payroll expense tax	Agency 540 Employment Security Department
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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 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
High Earners Payroll Tax	001			5,522,000,000	2,095,000,000	2,215,000,000	2,349,000,000	2,494,000,000	2,646,000,000	2,805,000,000	2,972,000,000	23,098,000,000
High Earners Payroll Tax	NEW			2,045,000,000	2,180,000,000	2,306,000,000	2,445,000,000	2,595,000,000	2,754,000,000	2,919,000,000	3,093,000,000	20,337,000,000
Total				7,567,000,000	4,275,000,000	4,521,000,000	4,794,000,000	5,089,000,000	5,400,000,000	5,724,000,000	6,065,000,000	43,435,000,000
Biennial Totals				11,842,000,000		9,315,000,000		10,489,000,000		11,789,000,000		43,435,000,000

Narrative Explanation (Required for Indeterminate Cash Receipts)

The cash receipts are partially indeterminate. ESD does not know how much the city credits will be. There is currently only one city with an excess wage tax that would qualify for the credits.

There are four components of this bill that impact fiscal year estimates.

1. Exemption status for employers is based on calendar year payroll in the prior year. ESD assumes there will be an estimated 5,191 employers in calendar year 2027 subjected to the payroll tax taking. The number of employers is assumed to grow to 6,480 by 2036.
2. Wages subject to the tax, those exceeding the minimum wages subject to additional Medicare tax set at \$125,000, are accrued by employees throughout the calendar year.
3. Wage reporting and tax remittances from employers are due to ESD one month following the end of the quarter and credits for employers paying a city payroll expense tax receive credit to the state payroll expenses tax based on their quarter's city payroll expense tax payment.



Ten-Year Analysis

Bill Number	Title	Agency
2100 HB	Payroll expense tax	540 Employment Security Department

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)

4. There is to be no assumed tax revenue collected by ESD in fiscal year 2027 due to an inability for ESD to have the financial systems in place to accommodate the July 1, 2026, effective date. However, all assessments from that date through the launch of those systems will be retroactively assessed and collected in fiscal year 2028 of the assessed tax requirements beginning July 1, 2026. ESD recognizes that this may put a large tax burden on these employers, but this is the only feasible way to accommodate the effective date in this bill.

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- Total Revenue (post credit): The total estimated revenue after applying the city credit to eligible employers is about \$7.6 billion in fiscal year 2028. This accounts for retroactive collections in fiscal year 2027 and fiscal year 2028. Annual estimates per fiscal year are about \$6.4 billion by fiscal year 2036.

Agency Preparation: Tina Swenson	Phone: 360 890 3500	Date: 1/15/2026 3:10:51 pm
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 1/15/2026 3:10:51 pm
OFM Review:	Phone:	Date: