Multiple Agency Fiscal Note Summary

Bill Number: 6346 SB	**Title:** Tax on millionaires

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
Department of Revenue	0	0	0	413,450,000	1,413,350,000	548,670,000	374,650,000	1,374,050,000	1,749,800,000
Total $	**0**	**0**	**0**	**413,450,000**	**1,413,350,000**	**548,670,000**	**374,650,000**	**1,374,050,000**	**1,749,800,000**

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Loc School dist-SPI						
Local Gov. Other				124,366,001		307,961,000
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.					
Local Gov. Total				124,366,001		307,961,000

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	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Public Defense	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	Fiscal note not available											
Office of Attorney General	Fiscal note not available											
Caseload Forecast Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Retirement Systems	Fiscal note not available											
Department of Revenue	24.5	9,308,100	9,308,100	9,308,100	158.7	37,350,300	37,350,300	37,350,300	219.2	156,401,600	156,401,600	156,401,600
Department of Children, Youth, and Families	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Corrections	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Employment Security Department	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total $	**24.5**	**9,308,100**	**9,308,100**	**9,308,100**	**158.7**	**37,350,300**	**37,350,300**	**37,350,300**	**219.2**	**156,401,600**	**156,401,600**	**156,401,600**

FNPID: 76538

FNS029 Multi Agency rollup

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

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
Office of Public Defense	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	Fiscal note not available								
Office of Attorney General	Fiscal note not available								
Caseload Forecast Council	.0	0	0	.0	0	0	.0	0	0
Department of Retirement Systems	Fiscal note not available								
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Department of Corrections	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
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	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

DOR and LOC Commerce revised previous note to include local revenue impacts.

Prepared by: Tyler Lentz, OFM	Phone: (360) 790-0055	Date Published: Preliminary 2/ 7/2026

FNPID: 76538

FNS029 Multi Agency rollup

Judicial Impact Fiscal Note

Bill Number: 6346 SB	Title: Tax on millionaires	Agency: 055-Administrative Office of the Courts

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

Contact:		Phone:	Date: 02/03/2026
Agency Preparation:	Chris Conn	Phone: 360-704-5512	Date: 02/06/2026
Agency Approval:	Chris Stanley	Phone: 360-357-2406	Date: 02/06/2026
OFM Review:	Gaius Horton	Phone: (360) 819-3112	Date: 02/06/2026

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The bill establishes new RCW Title 82A and new chapter within it which, beginning 1/1/2028, imposes 9.9% state income tax on taxable income over $1 million per year. It addresses tax calculation, credits, carryovers, deductions, income allocation and apportionment, required returns and accountings, reporting, and audits. It also deems knowing attempts to evade or truthfully account "C" felonies and knowing nonpayment of taxes owed gross misdemeanors.

II. B - Cash Receipts Impact

Indeterminate. The Administrative Office of the Courts (AOC) has no data available to estimate the cash receipt impact from the additional number of violations that would be filed because of this bill.

II. C - Expenditures

Indeterminate. Case filings may increase, but the number is unknown. The Administrative Office of the Courts (AOC) has no data available to estimate the number of violations that would be filed because of this bill.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditure By Object or Purpose (County)

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Expenditure By Object or Purpose (City)

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

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

NONE

None

Individual State Agency Fiscal Note

Bill Number: 6346 SB	Title: Tax on millionaires	Agency: 056-Office of Public Defense

Part I: Estimates

[X] **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:		Phone:	Date: 02/03/2026
Agency Preparation:	Angie Wirkkala	Phone: 360-789-5051	Date: 02/06/2026
Agency Approval:	Sophia Byrd McSherry	Phone: 360-586-3164	Date: 02/06/2026
OFM Review:	Gaius Horton	Phone: (360) 819-3112	Date: 02/06/2026

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 202 directs five percent of the tax revenue generated by SB 6364 to the county public defense funding stabilization account. This amount is assumed to be $150,000,000 per year.

Section 711(1) creates the county public defense stabilization account and directs that moneys in the account may only be spent after appropriations. The moneys in the account may only be used for distribution to counties for public defense services consistent with Chapter 10.101 RCW.

Section 711(2) directs the State Treasurer to distribute the money in the county public defense funding stabilization account on a quarterly basis according to the county's personal income ratio calculated by the Office of Financial Management (in Section 711(3).

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.

No impact.

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.

For the purposes of this fiscal note, the Office of Public Defense (OPD) assumes no fiscal impact for the following reasons.

Section 711(1) requires that the money be used for distribution to counties by the State Treasurer consistent with Chapter 10.101 RCW. This reference to Chapter 10.101 RCW makes OPD's role unclear for the new public defense funding generated by the tax.

Under current law, OPD is responsible for distributing state funding to counties for improvements in public defense services – approximately $5.8 million per year ongoing. In the 2025-27 biennium, that amount was increased on a one-time basis to $11.5 million per year.

OPD distributes this improvement funding through grants and the process requires data reporting and analysis, training, and technical assistance. Under this bill because the funding distribution is through the State Treasurer, OPD assumes these oversight and technical assistance responsibilities do not extend to oversight of the $150,000,000. If it does, there may be fiscal impact to OPD.

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

No impact.

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: 6346 SB	Title: Tax on millionaires	Agency: 101-Caseload Forecast Council

Part I: Estimates

[X] **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:		Phone:	Date: 02/03/2026
Agency Preparation:	Clela Steelhammer	Phone: 360-664-9381	Date: 02/04/2026
Agency Approval:	Clela Steelhammer	Phone: 360-664-9381	Date: 02/04/2026
OFM Review:	Kate LaBelle	Phone: (360) 480-0270	Date: 02/04/2026

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.

See attachment.

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.

None.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attachment.

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.

SB 6346
TAX ON MILLIONAIRES
101 – Caseload Forecast Council
February 3, 2026

SUMMARY

A brief description of what the measure does that has fiscal impact:

Section 601 Adds a new section establishing two new Class C felony offenses for any person who knowingly:
- attempts to evade the tax imposed under this chapter; or
- fails to truthfully account for, or pay, tax under this chapter.

Section 601 Additionally establishes a new gross misdemeanor for any person who knowingly fails to pay tax, pay estimated tax, make returns, or supply information, as required under this chapter.

Section 1002 Adds a new section stating if a court of final jurisdiction invalidates Section 201 of this act, the act is null and void in its entirety.

Section 1003 Adds a new section stating Sections 101-704 and 708-711 of this act constitute a new chapter in a new title in the Revised Code of Washington, to be codified as Title 82A RCW.

EXPENDITURES

Assumptions:
None

Impact on the Caseload Forecast Council:
None

Impact Summary:
This bill:
- Establishes two new Class C unranked felony offenses and a new gross misdemeanor offense.

Impacts on Prison and Jail Beds:
The Caseload Forecast Council has no information concerning how many incidents of the newly established gross misdemeanor and unranked Class C felony offenses may occur. As such, the Caseload Forecast Council cannot reliably predict bed impacts resulting from the bill. However:

The newly established gross misdemeanor offense would be punishable by a term of confinement of 0 to 364 days in jail. Therefore, any impact would be on jail beds only.

The newly established unranked Class C felony offenses would be punishable by a standard range term of confinement of 0-12 months in jail. Therefore, any impact would be on jail beds only, except in the case of an aggravated exceptional sentence.

Clela Steelhammer, Senior Criminal Justice Policy Analyst (360) 664-9381
Washington State Caseload Forecast Council Clela.Steelhammer@cfc.wa.gov

Impacts on DOC Supervision Population:
None, the felony offenses established in the bill are not eligible for supervision as a standard sentence.

Impacts on Local Detention and Juvenile Rehabilitation (JR) Beds:
The newly established gross misdemeanor offense would be considered as a Category D on the Juvenile Sentencing Grid (Other Offense Equivalent to an Adult Gross Misdemeanor). The offense would be punishable by a standard range term of Local Sanctions (0-30 days in local juvenile detention) for juveniles adjudicated for the offense. Therefore, incidences of this offense would likely only impact local juvenile detention beds.

The newly established Class C felony offenses would be considered as a Category C on the Juvenile Sentencing Grid (Other Offense Equivalent to an Adult Class C Felony). The offenses would be punishable by a standard range term of between Local Sanctions (0-30 days in local juvenile detention) and 15-36 weeks in Juvenile Rehabilitation (depending on the number of prior adjudications) for juveniles adjudicated for these offenses. Therefore, incidences of these offenses would likely impact both local juvenile detention and Juvenile Rehabilitation beds.

Department of Revenue Fiscal Note

Revised

Bill Number: 6346 SB	Title: Tax on millionaires	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
GF-STATE-State 00 - 00 -				2,581,150,000	7,188,650,000
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax				(30,700,000)	(151,000,000)
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax				(137,000,000)	(663,000,000)
Multimodal Transportation Account-State 01 - Taxes 01 - Retail Sales Tax				(480,000)	(2,360,000)
Workforce Education Investment Account-State 01 - Taxes 05 - Bus and Occup Tax				(100,000)	(600,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax				(50,000)	(240,000)
NEW-State 00 - 00 -				135,850,000	378,350,000
Total $				2,548,670,000	6,749,800,000

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	48.9	24.5	158.7	219.2
Account					
GF-STATE-State 001-1	4,400	9,303,700	9,308,100	137,350,300	156,401,600
Total $	4,400	9,303,700	9,308,100	137,350,300	156,401,600

Estimated Capital Budget Impact:

NONE

Request # 6346-2-2

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:

[X] 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.

[X] Requires new rule making, complete Part V.

Legislative Contact:		Phone:	Date: 02/03/2026
Agency Preparation:	Erin Valz	Phone: 360-534-1522	Date: 02/06/2026
Agency Approval:	Marianne McIntosh	Phone: 360-534-1505	Date: 02/06/2026
OFM Review:	Tyler Lentz	Phone: (360) 790-0055	Date: 02/07/2026

Request # 6346-2-2

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.

Note: This fiscal note reflects a revision to the revenue and expenditure impact sections and replaces fiscal note number 6346-1.

CURRENT LAW:

PART I THROUGH PART VIII TAX ON INCOME
Washington does not have an income tax on individuals

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT (sections 901-902):
The Working Families Tax Credit (WFTC) is a refundable tax credit provided to eligible low-income individuals. It is partly based on the federal Earned Income Tax Credit (EITC).

To be eligible for the credit, individuals must qualify for the EITC or would otherwise qualify for the EITC except that they used an Individual Tax Identification Number instead of a Social Security Number on their federal income tax return. In addition, the individual must have resided in Washington during the year for which they claim the credit.

The maximum credit amount varies depending on an individual's income and the number of qualifying children claimed in the relevant tax year. For tax year 2025 (payments made in 2026), the maximum credits are:
- $335 for eligible people with no qualifying children.
- $660 for eligible people with one qualifying child.
- $995 for eligible people with two qualifying children.
- $1,330 for eligible people with three or more qualifying children.

The minimum payment is $50, regardless of the number of qualifying children.

The Department of Revenue (department) adjusts the maximum credit amounts for inflation annually and rounds them to the nearest $5.

The eligible age limit is 25 to 64 for individuals who do not claim any qualifying children in the relevant tax year. However, there are no age restrictions for individuals who claim qualifying children.

Individuals can claim the credit up to three calendar years after the relevant federal income tax return was due.

SALES AND USE TAXES EXEMPTION HYGIENE PRODUCTS (sections 903-904):
Grooming and hygiene products are generally subject to retail sales and use taxes.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD (sections 905-906, 908):
Businesses owing B&O taxes may be eligible for the small business credit (SBC).

For businesses reporting at least 50% of their activities under the service and other activities, gambling contests of chance, for-profit hospitals, and/or scientific research and development B&O tax classifications, the maximum credit for a

reporting period is $160 multiplied by the number of months in the reporting period.

For all other businesses, the maximum credit is $55 multiplied by the number of months in the reporting period.

Businesses meeting all of the following may not need to file a return with the department:
- The gross income of the business subject to B&O tax is less than $125,000 per year.
- The gross income of the business subject to the public utility tax is less than $24,000 per year.
- No requirement to collect or pay retail sales tax.
- No requirement to collect or pay any other tax or fee to the department.

BUSINESS AND OCCUPATION TAX SURCHARGE TAXABLE OVER $250 MILLION (section 907):
Taxpayers with taxable income over $250 million owe an additional 0.5% B&O surcharge, which excludes:
- The taxable amount on which specified financial institutions pay an additional tax.
- Manufacturing and the sale of manufactured goods by a manufacturer.
- Farmers or apiarists.
- Sales of food, food ingredients, food stamp purchases, and prescription drugs.
- Wholesale and retail petroleum product sales by a business located outside of Washington when an affiliated processor-for-hire processed the petroleum.
- Select advanced computing businesses that pay the workforce education advanced computing B&O surcharge.
- Retail and wholesale sales of motor vehicle fuel.
- Amounts businesses report under any timber products tax classifications.

These exclusions apply to the measure of taxable income and the measure of the tax.

The B&O surcharge takes effect on January 1, 2026, and expires on December 31, 2029.

PROPOSAL:

PART I THROUGH PART VIII: TAX ON INCOME
This bill creates a new tax on the receipt of Washington taxable income. The tax equals 9.90% multiplied by an individual's Washington taxable income. Only individuals pay the tax. The tax takes effect on January 1, 2028, with taxes first due in 2029.

The County Public Defense Funding Stabilization Account receives 5% of the tax collected under this bill. The state general fund receives the remainder.

A taxpayer computes the amount of Washington base income by making the following adjustments:
- Federal long-term capital gains and losses must be excluded from their federal adjusted gross income (AGI). Washington capital gains must be added to their federal AGI, plus the amounts deducted under the Washington capital gains standard deduction and charitable donations.
- Any income from state and local bonds that are excluded from federal AGI under IRC section 103 must be added to their federal AGI unless the interest is from bonds and other obligations issued by the United States, Washington, or a municipality located in Washington.
- Taxes on or measured by net income, which have been deducted under the IRC in computing federal adjusted gross income, must be added to their federal AGI.

- Any taxes that have been deducted for federal purposes, but for which either a business and occupation tax credit or public utility tax credit, or both, are allowed, must be added to their federal AGI. - Loss carryovers occurring prior to January 1, 2028, must be added to their federal AGI.
- Any income derived from U.S. obligations that Washington is prohibited from taxing must be deducted from their federal AGI.

Washington does not permit any carryover of Washington taxable income in taxable years with Washington taxable income less than zero. Taxpayers may include loss carryforwards, derived from or connected with sources in Washington if they are included in their federal AGI, when calculating their Washington taxable income.

STANDARD DEDUCTION:
Taxpayers calculate Washington taxable income by subtracting the applicable standard deduction amount from the taxpayer's Washington base income. For residents, the standard deduction is $1 million per individual; for spouses or domestic partners, their combined standard deduction is $1 million, regardless of whether they file joint or separate returns. Non-residents must multiply the resident standard deduction by a fraction equal to Washington's base income divided by their federal AGI.

CHARITABLE CONTRIBUTIONS DEDUCTION:
Taxpayers may deduct from their Washington base income charitable contributions claimed on their federal returns under section 170. The maximum deduction is $50,000 per individual; for spouses or domestic partners, the combined maximum is $50,000, regardless of whether they file joint or separate returns.

PASS-THROUGH ENTITY TAX PAYMENTS
Distributive share of tax expense must be added to Washington taxable income to the extent it is deducted when calculating federal AGI. This applies only if the pass-through entity elects to be subject to this tax.

ALLOCATION AND APPORTIONMENT:
Residents must allocate all income to Washington.

Non-residents must apportion and allocate the net amount of income, gain, loss, and deduction from their federal AGI to Washington for income derived from or connected with sources within Washington.

For employee compensation, income from employment in Washington is allocated to Washington. When a person provides services as an employee, both within and outside the state, the department will factor the compensation based on the number of days worked in Washington, divided by the total days worked.
For income from business activities, income is apportioned to Washington as follows:
- Apportionable income is apportioned to Washington using a receipts factor, calculating receipts apportioned to Washington divided by total apportionable receipts.
- Net rents and royalties from real property located in Washington are allocated to Washington.
- Capital gains and losses from the sale of real property are allocated to Washington if the real property is located in Washington.
- Capital gains and losses from the sale of tangible personal property are allocated to Washington if the tangible personal property is located in Washington at the time of the sale, or the taxpayer's commercial domicile is in Washington, and the sale is not taxable in the state where the tangible personal property is located at the time of the sale.
- Capital gains and losses from the sale of intangible personal property are allocated to Washington if the taxpayer's commercial domicile is in Washington.

- Interest and dividends are allocated to Washington if the taxpayer's commercial domicile is in Washington.
- Patent and copyright royalties are allocated to Washington to the extent they are used in Washington or the taxpayer's commercial domicile if they are not taxable in another state.

PRORATION OF PART-YEAR INCOME
Taxpayers must allocate all adjusted gross income earned during the portion of the year while a resident of Washington. For the portion of the year when the taxpayer is not a Washington resident, the taxpayer allocates income under the standard allocation rules.

For pass-through entities, allocation for part-year residents is based on the ratio of the number of days the taxpayer was a Washington resident. The pass-through entity must allocate income in accordance with its standard allocation processes.

Non-resident members of a professional athletic team will allocate to Washington the total compensation received based on the number of duty days spent in Washington, divided by the total number of duty days during the tax year. The employer must submit an annual report to the department, identifying any member of a professional athletic team who may reasonably owe individual income tax in this state.

Washington apportions the income derived from the commercial use of a student athlete's name, image, or likeness if the publicity services of the student athlete primarily occur in Washington. The taxable income is the portion of the student athlete's federal AGI derived from payments by a college that represent a percentage of the college's revenue to Washington using the duty-day methodology.

CREDITS:

BUSINESS AND OCCUPATION TAX CREDIT:
Taxpayers receiving income subject to both the B&O tax and the proposed income tax are allowed a credit against the income tax. The credit is equal to the B&O tax paid on the income subject to B&O tax and the proposed income tax. The credit may not exceed the tax otherwise due. The credit may not be carried forward or backward to other tax years.

PUBLIC UTILITY TAX CREDIT:
Taxpayers receiving income subject to both the public utility (PU) tax and the proposed income tax are allowed a credit against the income tax. The credit equals the PU tax paid on the income subject to PU tax and the proposed income tax. The credit may not exceed the tax otherwise due. The credit may not be carried forward or backward to other tax years.

CREDIT FOR WASHINGTON CAPITAL GAINS:
Taxpayers may take a non-refundable credit for taxes due in the same tax year pursuant to the Washington capital gains tax.

CREDIT FOR INCOME TAXES DUE IN ANOTHER JURISDICTION:
Taxpayers receiving income subject to both a tax imposed by another jurisdiction, and this income tax may apply the "out-of-state" tax credit. The credit amount equals the amount of taxes paid to the other jurisdiction.

PASS-THROUGH ENTITIES:
Pass-through entities may choose to pay the tax as an entity rather than distribute the share to individuals by filing an election with the department. Entities must make the election annually, and they must do so by April 15th of the year taxes are paid.

The pass-through entity's taxable income is determined by applying all state-specific additions, subtractions, and modifications that would apply to the owners individually. Each owner of the pass-through entity receives a credit equal to their proportionate share of the tax paid by the electing entity.

ADMINISTRATIVE PROVISIONS:
Individuals with Washington taxable income above their applicable standard deduction must file a return.

Starting July 1, 2029, individuals must submit estimated tax prepayments directly to the department. The schedule and estimated tax payments follow the federal income tax payment and reporting requirements. Estimated tax is not due if it is less than $5,000 annually.

Starting in October 2029, the department must adjust the standard deduction annually based on the Seattle Consumer Price Index. The department will post the adjusted standard deduction on its website. The adjusted standard deduction takes effect for taxes due in the following calendar year.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT (sections 901-902):
These sections expand eligibility for the WFTC program to individuals who were at least 18 by the end of the relevant tax year and who meet other eligibility requirements for the credit.

SALES AND USE TAXES EXEMPTION HYGIENE PRODUCTS (sections 903-904):
Retail sales and use taxes do not apply to the sales or use of grooming and hygiene products.

"Grooming and hygiene products" are soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the items meet the definition of over-the-counter drugs (RCW 82.08.0281)

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD (sections 905-906, 908):
Increase the B&O tax filing threshold to $250,000 and increase the maximum monthly small business credit to $320 for service businesses and $110 for all other businesses.

BUSINESS AND OCCUPATION TAX SURCHARGE TAXABLE OVER $250 MILLION (section 907):
This proposal expires the surcharge one year early, on December 31, 2028.

TAX PERFORMANCE PROVISIONS (section 902):
The new tax preference performance provisions do not apply to this bill, except for changes that address the WFTC program (section 901).

EFFECTIVE DATES:

This bill contains a null and void clause. If a court of final jurisdiction invalidates the tax on income (section 201), the entire act is null and void.

PART I THROUGH PART VIII: TAX ON INCOME (sections 101-811):
These sections take effect 90 days after the final adjournment of the session, with the tax imposed beginning January 1, 2028, and the first returns and payments due in April 2029. The first estimated payments are due in July of 2029.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT (sections 901-902):
These sections take effect 90 days after the final adjournment of the session and first impact payout amounts for federal tax year 2028, which will begin in calendar year 2029.

SALES AND USE TAXES EXEMPTION HYGIENE PRODUCTS (sections 903-904):
These sections take effect 90 days after the final adjournment of the session but the changes go into effect January 1, 2029

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD (sections 905-906, 908):
These sections take effect on January 1, 2029.

BUSINESS AND OCCUPATION TAX SURCHARGE TAXABLE OVER $250 MILLION (section 907):
These sections take effect on December 31, 2028.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

PART I THROUGH PART VIII: TAX ON INCOME
- These sections take effect January 1, 2028. The first returns are due in April 2029.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November B&O tax forecast.
- In response to the new tax, affected taxpayers do not reduce taxable income.
- The total amount of credits may not exceed the tax due. A taxpayer may not carry back or carry forward unused credits.
- To calculate Washington's gross income, add back the taxable amounts subject to Washington capital gains, along with the capital gains standard deduction and charitable deduction.
- The pass-through entity filing election and credit against individual taxpayers' distributive share is revenue neutral. The election allows taxpayers to choose to report as an individual or entity, but the revenue impact does not change.
- Tax year 2028 does not require estimated payments; therefore, it would be due in April 2029. Approximately 89% of total payments will occur in April, while the remaining 11% will happen during October extensions.
- Carry-forward losses for periods prior to the bill's effective date will have a minimal reduction in revenues; however, it is indeterminate due to data limitations.
- The first estimated payments are due July 1, 2029, and are for the January through June 2029 period.
- Due to the reduced IRS enforcement budget, the Institute on Taxation and Economic Policy (ITEP) predicts a decline in federal collections. Based on the ITEP analysis, we applied a 4.71% downward adjustment to taxpayers' AGI before estimating collections.
- Compliance:
  - 90% revenue collections in tax year 2028, and
  - 95% revenue collections in tax year 2029 and thereafter.
- The County Public Defense Funding Stabilization Account receives 5% of the tax collected under this bill. The General Fund receives the remainder.
- NEW Account = County Public Defense Funding Stabilization Account.

- NEW Source = Tax on Income.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT (sections 901-902):
- This legislation has no revenue impact on taxes administered by the department.

SALES AND USE TAXES EXEMPTION HYGIENE PRODUCTS (sections 903-904):
- This proposal takes effect January 1, 2029, and impacts five months of state collections and four months of local collections in fiscal year 2029.
- Annual growth rates reflect the growth in the Statista data.
- Washington's population is 2.34% of the U.S. population.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- The department receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenues for the state and a two-month delay in revenues for local jurisdictions.
- Currently, tribes with compacts receive a share of state sales and use taxes and certain business and occupation taxes (RCW 43.06.523). Additionally, local governments may also receive a portion of state sales and use taxes. Under this legislation, the amount of revenue shared with tribes and local governments may decrease.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD (sections 905-906, 908):
- This proposal takes effect January 1, 2029, and impacts one quarter of collections for quarterly reporting taxpayers and five months of collections for monthly filing taxpayers in fiscal year 2029.
- The annual growth rates reflect the Economic and Revenue Forecast Council's November 2025 B&O forecast.
- The department calculates the maximum small business credits using a 1.5% B&O tax rate for service businesses and a 0.5% B&O tax rate for all other businesses. The calculated credits round up to the nearest multiple of 5.
- An increase in small business credits will have a minimal impact on the Forest and Fish Support Account and the Problem Gambling Account.
- The 1.75% and 2.1% service and other activities tax rates are based on the prior calendar year's taxable income of the taxpayer and all of its affiliates; therefore, some taxpayers paying the higher service and other activities tax rates may qualify for a small business credit, which impacts the Workforce Education Investment Account.

BUSINESS AND OCCUPATION TAX SURCHARGE TAXABLE OVER $250 MILLION (section 907):
- This proposal takes effect January 1, 2029, and impacts 5 months of collections in fiscal year 2029.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 B&O forecast.
- Because a taxpayer must reach the exemption amount before owing the surcharge, surcharge collections increase as the year progresses. Reporting periods spanning July through December reflect the majority of the tax owed.
- Manufacturing-related activities are the amounts reported on excise tax returns with manufacturing line codes and the related manufactured product selling activity reported on the Multiple Activities Tax Credit Schedule C.
- Some manufacturers' net reported amounts instead of taking the multiple tax activities credit. We removed the businesses identified as participating from the population.
- We use the deductions taken on excise tax returns for exempt food, prescription drugs, and motor vehicle fuel sales to estimate the total amount of these sales.
- Taxpayers who owe the B&O surcharge must file excise tax returns monthly.

DATA SOURCES:
- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, November 2025 forecast
- Internal Revenue Service (2024), Publication 6149 calendar year projections by state
- Internal Revenue Service: Individual income tax returns for tax year 2022
- U.S. Census Bureau, US and Washington Population
- Statista, Beauty & Personal Care Market Data & Analysis
- Department of Ecology, Oil Refinery data

REVENUE ESTIMATES:
This bill increases state revenues by an estimated $2.55 billion in fiscal year 2029, and by $3.45 billion in fiscal year 2030, the first full year of impacted collections.

This bill also decreases local revenues by an estimated $11.6 million in the four months of impacted collections in fiscal year 2029, and by $35.3 million in fiscal year 2030, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):

FY 2026 -	$ 0
FY 2027 -	$ 0
FY 2028 -	$ 0
FY 2029 -	$ 2,548,670
FY 2030 -	$ 3,448,510
FY 2031 -	$ 3,301,290

Local Government, if applicable (cash basis, $000):

FY 2026 -	$ 0
FY 2027 -	$ 0
FY 2028 -	$ 0
FY 2029 -	($ 11,600)
FY 2030 -	($ 35,300)
FY 2031 -	($ 35,800)

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.

ASSUMPTIONS:
- The department receives requested funding starting July 1, 2026.
- The income tax proposal affects approximately 21,000 filers in the first year.
- The department procures a project director with income tax experience and an external quality assurance consultant for project oversight by December 31, 2026.
- System configuration, integration, and testing will occur from July 1, 2027, through December 31, 2028, with the system "GO LIVE" in January 2029.
- Hiring and training new permanent staff will occur in parallel with system development.
- Individuals will file their first tax return in April of 2029 and submit estimated tax prepayments beginning in July of 2029.

FIRST YEAR COSTS:

The department will incur total costs of $4,400 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 0.04 FTE.
- Create a special notice and update relevant information on the department's website.

SECOND YEAR COSTS:
The department will incur total costs of $9,303,700 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 48.9 FTEs.
- Gather requirements, attend implementation meetings, and document and test system needs.
- Procure a project director and external quality assurance consultant to oversee the solution procurement and build processes for the new tax.
- Provide administrative support.
- Create and manage a communication plan.
- Engage in tribal consultation.
- Increase in payroll, human resources, and administrative functions to service new employees.
- Provide technical advice, interpretation, and analysis of new laws for internal use during the implementation process.

Object Costs - $1,979,600.
- Personal services contracts for the new income tax system.
- Computer system changes, including contract programming.
- Computer hardware and software purchases.
- Attorney General's Office.
- Travel expenses for meeting with tribes.
- Print and mail documents and correspondence.
- Office supplies and equipment.

THIRD YEAR COSTS:
The department will incur total costs of $54,985,500 in fiscal year 2028. These costs include:

Labor Costs – Time and effort equate to 129.69 FTEs.
- Attend implementation meetings.
- Create system design and workflows.
- Set up, program, and test computer system changes.
- Begin hiring and training new division staff for the implementation and administration of the new tax.
- Increase in payroll, human resources, and administrative functions to service new employees.
- Provide administrative support.
- Continue managing the communication plan.
- Engage in tribal consultation.
- Develop, improve, and maintain websites and educate and inform customers.
- Answer additional phone calls and counter inquiries from businesses, individuals, and accountants regarding tax questions and tax return preparation.
- Provide technical advice, interpretation, and analysis of new laws for internal use during the implementation process.
- Adopt three new excise tax advisories.
- Amend two administrative rules.
- Adopt three administrative rules.
- Create a special notice and update relevant information on the department's website.

Object Costs - $38,027,700.

- Contract media outreach, including research and objective planning, creation and placement of media deliverables, and monitoring of results.
- Computer system changes, including contracted services.
- Computer hardware and software purchases.
- Print and mail documents and correspondence.
- Travel expenses for meetings with tribes.
- Purchase 10 additional agent seat licenses for the call center.
- Contracted training.
- Attorney General's Office.
- Office supplies and equipment.

FOURTH YEAR COSTS:
The department will incur total costs of $82,364,800 in fiscal year 2029. These costs include:

Labor Costs – Time and effort equate to 187.64 FTEs.

- Set up, program, and test computer system changes.
- Continued hiring and training of new staff.
- Increase in payroll, human resources, and administrative functions to service new employees.
- Provide administrative support.
- Continue managing the communication plan.
- Engage in tribal consultation.
- Answer additional phone calls and counter inquiries from businesses, individuals, and accountants regarding tax questions and tax return preparation.
- Accounting activities for the new tax; compiling receivable information for statewide financial statements and stakeholders.
- Provide technical advice, interpretation, and analysis of new laws for internal use during the implementation process.
- Create a special notice and update relevant information on the department's website.
- Process tax prepayments from individuals subject to the new tax.
- Assist taxpayers with reporting questions and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.
- Respond to data requests and questions, compile statistics, and manage data.
- Customer service to provide information and support to applicants via phone, email, or in-person, answering questions.
- Assess and verify WFTC applicants' eligibility and assist with application filings.
- Maintain and manage caseload of applicants and monitor progress.
- Conduct outreach activities to raise awareness.
- Contact applicants to verify the accuracy of information.
- Conduct thorough investigations into suspected fraudulent or erroneous claims.
- Provide guidance on fraud prevention techniques and the identification of suspicious activities.
- Develop and provide training and support to staff on new policies, procedures, and best practices.
- Amend two administrative rules.
- Adopt four administrative rules.
- Hear additional administrative reviews that provide taxpayers with an informal, non-adversarial dispute resolution process for the review of a disputed action by the department, such as an assessment of taxes, notice of taxes due, denial of a refund request, or tax ruling.

Object Costs - $59,068,400.
- WFTC payments to qualifying applicants of $44,000,000.
- Contract media outreach, including research and objective planning, creation and placement of media deliverables, and monitoring of results.
- Translation services for various media uses.
- Computer system changes, including contract services.
- Computer hardware and software purchases.
- Print and mail documents and correspondence.
- Travel expenses for meetings with tribes.
- Office supplies and equipment.
- New employee background checks.
- Contracted training.
- Purchase one additional agent seat license for the Telephone Information Center.
- Attorney General's Office.

FIFTH YEAR COSTS:
The department will incur total costs of $78,654,000 in fiscal year 2030. These costs include:

Labor Costs – Time and effort equate to 220.2 FTEs.
- Continued computer system testing, monitoring, and maintenance.
- Increase in payroll, human resources, and administrative functions to service new employees.
- Provide administrative support.
- Provide technical advice, interpretation, and analysis of new laws for internal use during the implementation process.
- Engage in tribal consultation.
- Process tax return work items, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.
- Answer additional phone calls and counter inquiries from businesses, individuals, and accountants regarding tax questions and tax return preparation.
- Accounting activities for the new tax; compiling receivable information for statewide financial statements and stakeholders.
- Assess and verify WFTC applicants' eligibility and assist with application filings.
- Maintain and manage caseload of applicants and monitor progress.
- Conduct outreach activities to raise awareness.
- Contact applicants to verify the accuracy of information.
- Conduct thorough investigations into suspected fraudulent or erroneous claims.
- Provide guidance on fraud prevention techniques and the identification of suspicious activities.
- Hear additional administrative reviews that provide taxpayers with an informal, non-adversarial dispute resolution process for the review of a disputed action by the department, such as an assessment of taxes, notice of taxes due, denial of a refund request, or tax ruling.

Object Costs - $52,375,100.
- WFTC payments to qualifying applicants of $44,000,000.
- Computer system changes, including contract services.
- Computer hardware and software purchases.
- Print and mail documents and correspondence.
- Personal service contracting.

- Travel expenses for meetings with tribes.
- Office supplies and equipment.
- Contracted training.
- Attorney General's Office.

SIXTH YEAR COSTS:
The department will incur total costs of $77,747,600 in fiscal year 2031. These costs include:

Labor Costs – Time and effort equate to 218.1 FTEs.
- Continued computer system testing, monitoring, and maintenance.
- Increase in payroll, human resources, and administrative functions to service new employees.
- Provide administrative support.
- Process tax return work items, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.
- Answer additional phone calls and counter inquiries from businesses, individuals, and accountants regarding tax questions and tax return preparation.
- Provide technical advice, interpretation, and analysis of new laws for internal use during the implementation process.
- Assess and verify WFTC applicants' eligibility and assist with application filings.
- Maintain and manage caseload of applicants and monitor progress.
- Conduct outreach activities to raise awareness.
- Contact applicants to verify the accuracy of information.
- Conduct thorough investigations into suspected fraudulent or erroneous claims.
- Provide guidance on fraud prevention techniques and the identification of suspicious activities.
- Hear additional administrative reviews that provide taxpayers with an informal, non-adversarial dispute resolution process for the review of a disputed action by the department, such as an assessment of taxes, notice of taxes due, denial of a refund request, or tax ruling.
- Engage in tribal consultation.

Object Costs - $52,000,100.
- WFTC payments to qualifying applicants of $44,000,000.
- Computer system changes, including contract services.
- Computer hardware and software purchases.
- Print and mail documents and correspondence.
- Personal service contracting.
- Travel expenses for meetings with tribes.
- Office supplies and equipment.
- Attorney General's Office.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	48.9	24.5	158.7	219.2
A-Salaries and Wages	2,900	4,689,600	4,692,500	25,587,000	33,140,800
B-Employee Benefits	1,100	1,688,300	1,689,400	9,211,000	11,930,900
C-Professional Service Contracts		496,100	496,100	47,215,000	10,818,800
E-Goods and Other Services	300	909,300	909,600	7,804,800	9,552,800
G-Travel		154,800	154,800	316,700	83,400
J-Capital Outlays	100	1,365,600	1,365,700	3,215,800	2,874,900
N-Grants, Benefits & Client Services				44,000,000	88,000,000
Total $	$4,400	$9,303,700	$9,308,100	$137,350,300	$156,401,600

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

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
ADM ASST 3	49,428				1.5	1.9
ADM ASST 5	63,246		2.5	1.3	2.5	2.5
COMMUNICATIONS CNSLT 4	73,282		1.0	0.5	2.0	2.5
CONTRACTS SPECIALIST 3	78,906		0.5	0.3		
CUSTOMER SERV SP2	46,078				1.0	2.0
EMS BAND 4	139,704		1.0	0.5	1.0	1.0
EMS BAND 5	163,205		1.0	0.5	1.0	1.0
EXCISE TAX EX 1	49,428				1.0	3.0
EXCISE TAX EX 2	61,639				3.6	13.1
EXCISE TAX EX 3	67,992				3.1	11.6
EXCISE TAX EX 4	75,112				2.0	3.0
FISCAL ANALYST 1	49,428				0.7	0.7
FISCAL ANALYST 2	54,508		0.4	0.2	1.4	2.2
FISCAL ANALYST 4	69,747				1.0	1.0
FISCAL ANALYST 5	78,906				0.1	
FORMS AND RECORDS	45,027				0.2	0.4
ANALYST 1 HUM RES CNSLT 1	58,586		0.5	0.3	1.5	2.0
HUM RES CNSLT 4	87,051		0.5	0.3	1.5	2.0
INVESTIGATOR 2	66,373				0.5	1.0
INVESTIGATOR 3	80,822				2.2	4.9
INVESTIGATOR 4	84,987				0.7	1.4
IT APP DEV-JOURNEY	97,570		1.5	0.8	2.0	2.0
IT APP DEV-SR/SPEC	112,946		0.5	0.3	1.0	1.0
IT B A-JOURNEY	97,570		4.7	2.4	6.2	4.1
IT B A-SR/SPEC	107,544		2.2	1.1	2.8	2.1
IT CUST SUP-ENTRY	73,072				2.0	2.0
IT NTWK & TEL-JOURNEY	97,570		1.0	0.5	1.0	
IT NTWK & TEL-SR/SPEC	107,544		1.0	0.5	1.0	
IT PROJ MGT-SR/SPEC	112,946		0.5	0.3	1.0	1.0
IT QA-JOURNEY	97,570		4.6	2.3	6.8	5.1
IT QA-SR/SPEC	107,544				0.2	
IT SECURITY-JOURNEY	97,570				1.0	1.0
IT SECURITY-SR/SPEC	112,946				0.8	1.0
IT SYS ADM-JOURNEY	102,427		2.7	1.4	2.5	2.0
IT SYS ADM-SR/SPEC	107,544		1.0	0.5	1.0	1.0
MGMT ANALYST4	80,822		2.8	1.4	8.7	9.5
MGMT ANALYST5	89,313		4.5	2.3	7.3	5.3
PROCUREMENT & SUPPLY	64,779		0.2	0.1	0.7	1.1
SPECIALIST 3 PROGRAM SPECIALIST 4	73,282		0.1	0.1	0.5	0.5
PROGRAM SPECIALIST 5	80,822		0.3	0.2	1.0	1.0
PUBLIC BENEFITS SPECIALIST	61,639				7.8	15.6
3 PUBLIC BENEFITS SPECIALIST	64,779				4.4	8.8
4 PUBLIC BENEFITS SPECIALIST	69,747				1.3	2.5
5 REVENUE AGENT 2	63,246				12.0	12.0
REVENUE AGENT 3	69,747				4.0	4.0
REVENUE AGENT 4	73,282		0.5	0.3	2.0	2.0
REVENUE AUDITOR 2	67,992					21.0
REVENUE AUDITOR 3	75,112		0.3	0.2	0.3	6.5

REVENUE AUDITOR 4	93,800				0.5	1.0
REVENUE AUDITOR SUPV	100,981				3.0	3.0
TAX INFO SPEC 1	49,428				11.5	11.1
TAX INFO SPEC 2	53,136				1.3	1.3
TAX INFO SPEC 3	64,779				0.7	0.7
TAX INFO SPEC 4	73,282				3.0	3.0
TAX POLICY SP 2	82,874	0.0		0.0	1.5	0.4
TAX POLICY SP 3	93,800	0.0	2.8	1.4	8.5	7.2
TAX POLICY SP 4	100,981		4.0	2.0	6.8	6.2
WEB DESIGNER & UI/UX	84,987		1.0	0.5	1.5	0.5
SPECIALIST 3 WMS BAND 1	81,774		1.0	0.5	2.4	2.2
WMS BAND 2	100,662	0.0	2.1	1.1	8.4	11.4
WMS BAND 3	114,564		2.2	1.1	2.3	2.2
Total FTEs		0.0	48.9	24.5	158.7	219.2

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the department will use the complex process to adopt the following new rules:
- WAC 458-20-NEW, titled: "Income tax-Indian Country."
- WAC 458-20-NEW, titled: "Administration."
- WAC 458-20-NEW, titled: "Definitions, deductions, and exemptions."
- WAC 458-20-NEW, titled: "Allocation and apportionment: Resident and nonresident individuals."
- WAC 458-20-NEW, titled: "Allocation and apportionment: Professional athletes."
- WAC 458-20-NEW, titled: "Business income/pass-through entities apportionment/allocation."

This rulemaking would affect individuals residing in and outside of Washington.

Should this legislation become law, the department will use the standard process to adopt WAC 458-20-NEW, titled: "Sales tax exemption on personal products." This rulemaking would affect sellers and buyers.

Should this legislation become law, the department will use the expedited rulemaking process to amend the following rules:
- WAC 458-20-101, titled: “Tax registration and tax reporting.”
- WAC 458-20-104, titled: “Small business tax relief based on income of business.”

- WAC 458-20-228, titled: “Returns, payments, penalties, extensions, interest, stays of collection."
- WAC 458-20-285, titled: “Working families tax credit.”

This rulemaking would affect entities doing business in Washington and WFTC applicants.

Individual State Agency Fiscal Note

Bill Number: 6346 SB	Title: Tax on millionaires	Agency: 307-Department of Children, Youth, and Families

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

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:		Phone:	Date: 02/03/2026
Agency Preparation:	Wendy Polzin	Phone: 2066702667	Date: 02/06/2026
Agency Approval:	Crystal Lester	Phone: 360-628-3960	Date: 02/06/2026
OFM Review:	Kate LaBelle	Phone: (360) 480-0270	Date: 02/06/2026

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.

The bill establishes a tax on high incomes earners and establishes new criminal offenses, a gross misdemeanor and two Class C felony offenses.

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.

NONE

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Fiscal Impact is Indeterminate.

The bill creates a new gross misdemeanor and two class C felony offenses and does not specify if it is specifically related to adult crimes. As a result, the new felony could potentially be applied to juveniles. As a result, the bill may potentially result in an increase in the number of convictions; however, the number of individuals who will be impacted is uncertain. Therefore, the caseload forecast and per capita adjustments are unknown at this time. The Department of Children, Youth and Families assumes the impact will result when the Average Daily Population caseload changes in the Juvenile Rehabilitation residential facilities forecast.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

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

Revised

Bill Number: 6346 SB	Title: Tax on millionaires	Agency: 310-Department of Corrections

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

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:		Phone:	Date: 02/03/2026
Agency Preparation:	meliisa vining	Phone: 360-791-0201	Date: 02/05/2026
Agency Approval:	Greg Scott-Braaten	Phone: 360-789-0278	Date: 02/05/2026
OFM Review:	Kate LaBelle	Phone: (360) 480-0270	Date: 02/05/2026

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.

An act relating to investing in Washington families and businesses to fund K-12 education, health care, higher education, other essential governmental services, and the working families' tax credit, and to reduce certain sales and use taxes and certain business and occupation taxes by establishing a tax on millionaires; amending RCW 82.32.050, 82.32.060, 82.32.090, 2.10.180, 2.12.090, 6.15.020, 41.24.240, 41.32.052, 41.34.080, 41.35.100, 41.40.052, 41.44.240, 41.26.053, 43.43.310, 82.08.0206, 82.04.4451, 82.32.045, 82.04.288, and 1.90.100; amending 2023 c 456 s 3 (uncodified); adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; adding a new Title to the Revised Code of Washington to be codified as Title 82A RCW; creating new sections; prescribing penalties; providing an effective date; and providing an expiration date.

Effective date is assumed 90 days after the adjournment of the session in which this bill is passed.

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.

NONE

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The Department of Corrections (DOC) assumes the fiscal impact of this bill is indeterminate, assumed to be less than $50,000 per Fiscal Year (FY).

This bill establishes two new Class C unranked felony offenses and a new gross misdemeanor offense.

The Caseload Forecast Council has no information concerning how many incidents of the newly established gross misdemeanor and unranked Class C felony offenses may occur. As such, the Caseload Forecast Council cannot reliably predict bed impacts resulting from the bill. However:

The newly established gross misdemeanor offense would be punishable by a term of confinement of 0 to 364 days in jail. Therefore, any impact would be on jail beds only.

The newly established unranked Class C felony offenses would be punishable by a standard range term of confinement of 0-12 months in jail. Therefore, any impact would be on jail beds only, except in the case of an aggravated exceptional sentence.

DOC Standard Assumptions

The estimated Average Daily Population (ADP) impact to DOC prison facilities and/or community supervision/violator caseloads is based on projections from Caseload Forecast Council (CFC) /or/ CFC.

DOC assumes a Direct Variable Cost (DVC) of $7,424 per incarcerated individual per FY to facilitate cost discussions during legislative session for bills. This cost estimate includes prison and health services' direct variable costs. It does not include staffing or dollars necessary for staffing needed at the facility outside of the living/housing units. The DVC is calculated by DOC and reviewed and approved with the Office of Financial Management, Senate and House staff each legislative session.

For illustrative purposes only, the average annual Community Supervision caseload model is $8,814 per ADP (not including startup costs), regardless of the supervised risk level based on the workload model. If ADP impacts are applicable to this fiscal note, the calculated rate per community supervision ADP includes direct supervision and ancillary units, such as Hearings, Records and Training, that are directly affected by supervision population changes. The estimate will vary based on the risk level of the supervised individuals, which requires different staffing levels. The population trend data used is based on the Risk Level Classification tool and provides a risk level of 42.8 percent high violent, 27.3 percent high non-violent, 21 percent moderate, 7.9 percent low and 1.0 percent unclassified. (June – November 2017).

DOC assumes that any increase in community supervision caseload will result in an increased need for violator beds. For illustrative purposes, the FY 2025 average percentage of supervised individuals who served jail time and were billed by the local jurisdictions for violating their conditions of supervision was a rate of 2.0 percent. The current average daily cost for jail beds is $135.56 per day, inclusive of all risk levels and healthcare costs. The rate is an average, and actual rates vary by local correctional facilities.

DOC assumes additional impacts will result when ADP caseload changes in either prison or community and resources will be necessary. DOC will evaluate the fiscal impacts and may submit future budget requests to cover these costs should the legislation be enacted into session law.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

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: 6346 SB	Title: Tax on millionaires	Agency: 540-Employment Security Department

Part I: Estimates

[X] **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:		Phone:	Date: 02/03/2026
Agency Preparation:	Tina Swenson	Phone: 360 890 3500	Date: 02/05/2026
Agency Approval:	Lisa Henderson	Phone: 360-902-9291	Date: 02/05/2026
OFM Review:	Anna Minor	Phone: (360) 790-2951	Date: 02/05/2026

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 new tax for individuals with annual adjusted gross income of $1,000,000 or more that will be administered by Department of Revenue.

Section 403 – "General rule for allocating nonresident income derived from compensation to Washington"

This section defines "employment" by referencing RCW 50.24.010, meaning that a nonresident would be subject to the new tax for any portion of employment performed in Washington, as determined by whether the individual's employer was required to pay unemployment insurance (UI) taxes in the state on that individual's wages.

The Department of Revenue (DOR) will need access to federal adjusted gross income derived from employment to assess the tax, so the Internal Revenue Service (IRS) would be the primary source of the gross income information. If the DOR needs assistance from Employment Security Department (ESD) to determine whether an employer paid UI taxes on an individual a data sharing agreement could be needed and would likely be absorbed within existing resources.

Section 403 (2) - This section would require compensation for services performed both within and outside the state to be apportioned based on days worked. ESD does not track days worked but rather hours and wages, so ESD would not have information pertinent to assist DOR with the apportioned tax calculations for work performed inside and outside of the state.

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.

None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

None

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

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.

LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Commerce

Bill Number: 6346 SB	**Title:** Tax on millionaires

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- [X] Cities: increased revenue from county public defense funding stabilization account, decreased local sales and use tax revenue
- [X] Counties: increased revenue from county public defense funding stabilization account, decreased local sales and use tax revenue
- [X] Special Districts: decreased local sales and use tax revenue
- [ ] Specific jurisdictions only:
- [ ] Variance occurs due to:

Part II: Estimates

- [ ] No fiscal impacts.
- [ ] Expenditures represent one-time costs:
- [ ] Legislation provides local option:
- [ ] Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City				18,287,464	39,398,851
County				109,763,330	291,147,391
Special District				(3,684,793)	(22,585,242)
TOTAL $				124,366,001	307,961,000
GRAND TOTAL $					432,327,001

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 02/06/2026
Leg. Committee Contact:	Phone:	Date: 02/03/2026
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/06/2026
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 02/07/2026

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

Part 1 creates definitions for the new tax on millionaires and deems other undefined terms to be in conformity with the Internal Revenue Code.

Part 2 outlines:
- Millionaire tax rates
- Distributions: tax revenues will be distributed as follows: a) 5% to county public defense funding stabilization account, b) and 95% to the state general fund. Interest and penalties will be deposited into the state general fund.
- Describes credits that apply to millionaire taxes due.

Part 3 describes how adjusted gross income will be calculated.

Part 4 describes rules regarding the division of income.

Part 5 describes estimated tax payments and pass-through entity tax election.

Part 6 describes crimes regarding failure to pay.

Part 7 describes administrative provisions.

Part 8 describes application of tax to public pensions.

Part 9 describes changes to the tax relief program.
Section 903-904 creates a sales and use tax exemption for grooming an hygiene products.
Section 905-906 increases a B&O tax credit rate and a B&O tax threshold.

Part 10 describes that this tax on millionaires is an exception to the prohibition of taxes on income.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This new tax will be administered by the state. This bill does not impact local government expenditures.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

REVISION UPDATE
This revision adds the impacts of section 903-904, which creates a new sales and use tax exemption for hygiene products.

COUNTY PUBLIC DEFENSE FUNDING STABILIZATION ACCOUNT
Five percent of tax revenues will be distributed to county public defense funding stabilization account. The remaining 95% will go to the state general fund.

The County Public Defense Funding Stabilization Account is managed by the Office of Public Defense. According to OPD, in the last two funding cycles the OPD distributed 14.2% to cities and the remainder to counties in FY24-FY25, and 17.9% to cities and the remainder to counties in FY22-FY23.

The Local Government Fiscal Note Program assumes 16% (the median of the last two funding cycles) from this account

will go to cities and the remainder (84%) will go to counties. This is a best estimate for illustrative purposes.

According to the Dept of Revenue's fiscal note, the County Public Defense Funding Stabilization Account will receive 5% of the revenue from this millionaires tax, which may likely be distributed to counties and cities as follows:

COUNTIES
FY 2029 - $135,850,000 * 0.84 = $114,114,000
FY 2030 - $204,000,000 * 0.84 = $171,360,000
FY 2031 - $174,350,000 * 0.84 = $146,454,000

CITIES
FY 2029 - $135,850,000 * 0.16 = $ 21,736,000
FY 2030 - $204,000,000 * 0.16 = $ 32,640,000
FY 2031 - $174,350,000 * 0.16 = $ 27,896,000

HYGIENE ITEMS S&U TAX EXEMPTION
According to the Dept of Revenue, this bill decreases local government revenues by an estimated $11.6 million in the four months of impacted collections in fiscal year 2029, and by $35.3 million in fiscal year 2030, the first full year of impacted collections.

The distributions of this revenue decrease to cities, counties, and special districts are based on DOR data for local sales and use tax distributions from Calendar Year 2024. Distributions in 2024 were 37.88 percent to counties, 30.03 percent to cities, and 32.09 percent to special districts. A one percent DOR administrative fee has been deducted from the total.

COUNTIES
FY 2029 $(4,350,670)
FY 2030 $(13,239,540)
FY 2031 $(13,427,069)

CITIES
FY 2029 $(3,448,536)
FY 2030 $(10,494,253)
FY 2031 $(10,642,896)

SPECIAL DISTRICTS
FY 2029 $(3,684,793)
FY 2030 $(11,213,207)
FY 2031 $(11,372,035)

SOURCES
Department of Revenue Fiscal Note
Department of Revenue Local Tax Distributions
Office of Public Defense

Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
6346 SB	Tax on millionaires

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
Administrative Office of the Courts Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Office of Public Defense	0	0	0	0	0	0	0	0	0	0	0
Caseload Forecast Council	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	0	0	2,548,670,000	3,448,510,000	3,301,290,000	3,438,060,000	3,586,740,000	3,745,520,000	3,830,200,000	3,898,990,000
Department of Children, Youth, and Families	0	0	0	0	0	0	0	0	0	0	0
Department of Corrections	0	0	0	0	0	0	0	0	0	0	0
Employment Security Department	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**2,548,670,000**	**3,448,510,000**	**3,301,290,000**	**3,438,060,000**	**3,586,740,000**	**3,745,520,000**	**3,830,200,000**	**3,898,990,000**

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	055 Administrative Office of the Courts

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											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

The new fines could potentially result in some amount of fee revenue. However, there is no judicial data available to estimate the total amount of fees that would be collected.

Agency Preparation: Chris Conn	Phone: 360-704-5512	Date: 2/6/2026 9:36:33 am
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 2/6/2026 9:36:33 am
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	056 Office of Public Defense

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

[X] **No Cash Receipts** [ ] **Partially Indeterminate Cash Receipts** [ ] **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											

Agency Preparation: Angie Wirkkala	Phone: 360-789-5051	Date: 2/6/2026 1:50:33 pm
Agency Approval: Sophia Byrd McSherry	Phone: 360-586-3164	Date: 2/6/2026 1:50:33 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	101 Caseload Forecast Council

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

[X] **No Cash Receipts** [ ] **Partially Indeterminate Cash Receipts** [ ] **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											

Agency Preparation: Clela Steelhammer	Phone: 360-664-9381	Date: 2/4/2026 8:19:24 am
Agency Approval: Clela Steelhammer	Phone: 360-664-9381	Date: 2/4/2026 8:19:24 am
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at http://www.ofm.wa.gov/tax/default.asp .

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
Business and occupation tax	001				(137,000,000)	(555,000,000)	(108,000,000)	(111,000,000)	(115,000,000)	(119,000,000)	(123,000,000)	(1,268,000,000)
Business and occupation tax	24J				(100,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(1,900,000)
Total Business and occupation tax					**(137,100,000)**	**(555,300,000)**	**(108,300,000)**	**(111,300,000)**	**(115,300,000)**	**(119,300,000)**	**(123,300,000)**	**(1,269,900,000)**
Retail sales tax	001				(30,700,000)	(74,900,000)	(76,100,000)	(77,300,000)	(78,600,000)	(79,800,000)	(81,100,000)	(498,500,000)
Retail sales tax	218				(480,000)	(1,170,000)	(1,190,000)	(1,210,000)	(1,230,000)	(1,250,000)	(1,270,000)	(7,800,000)
Retail sales tax	553				(50,000)	(120,000)	(120,000)	(130,000)	(130,000)	(130,000)	(130,000)	(810,000)
Total Retail sales tax					**(31,230,000)**	**(76,190,000)**	**(77,410,000)**	**(78,640,000)**	**(79,960,000)**	**(81,180,000)**	**(82,500,000)**	**(507,110,000)**
Tax on Income	001				2,581,150,000	3,876,000,000	3,312,650,000	3,446,600,000	3,592,900,000	3,748,700,000	3,834,200,000	24,392,200,000
Tax on Income	New				135,850,000	204,000,000	174,350,000	181,400,000	189,100,000	197,300,000	201,800,000	1,283,800,000
Total Tax on Income					**2,717,000,000**	**4,080,000,000**	**3,487,000,000**	**3,628,000,000**	**3,782,000,000**	**3,946,000,000**	**4,036,000,000**	**25,676,000,000**
Total					**2,548,670,000**	**3,448,510,000**	**3,301,290,000**	**3,438,060,000**	**3,586,740,000**	**3,745,520,000**	**3,830,200,000**	**23,898,990,000**

Biennial Totals	**2,548,670,000**	**6,749,800,000**	**7,024,800,000**	**7,575,720,000**	**23,898,990,000**

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at http://www.ofm.wa.gov/tax/default.asp .

Narrative Explanation (Required for Indeterminate Cash Receipts)

Narrative Explanation (Required for Indeterminate Cash Receipts)

Note: This fiscal note reflects a revision to the revenue and expenditure impact sections and replaces fiscal note number 6346-1.

CURRENT LAW:

PART I THROUGH PART VIII TAX ON INCOME
Washington does not have an income tax on individuals

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT (sections 901-902):
The Working Families Tax Credit (WFTC) is a refundable tax credit provided to eligible low-income individuals. It is partly based on the federal Earned Income Tax Credit (EITC).

To be eligible for the credit, individuals must qualify for the EITC or would otherwise qualify for the EITC except that they used an Individual Tax Identification Number instead of a Social Security Number on their federal income tax return. In addition, the individual must have resided in Washington during the year for which they claim the credit.

The maximum credit amount varies depending on an individual's income and the number of qualifying children claimed in the relevant tax year. For tax year 2025 (payments made in 2026), the maximum credits are:
- $335 for eligible people with no qualifying children.
- $660 for eligible people with one qualifying child.
- $995 for eligible people with two qualifying children.
- $1,330 for eligible people with three or more qualifying children.

The minimum payment is $50, regardless of the number of qualifying children.

The Department of Revenue (department) adjusts the maximum credit amounts for inflation annually and rounds them to the nearest $5.

The eligible age limit is 25 to 64 for individuals who do not claim any qualifying children in the relevant tax year. However, there are no age restrictions for individuals who

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at http://www.ofm.wa.gov/tax/default.asp .

Narrative Explanation (Required for Indeterminate Cash Receipts)

claim qualifying children.

Individuals can claim the credit up to three calendar years after the relevant federal income tax return was due.

SALES AND USE TAXES EXEMPTION HYGIENE PRODUCTS (sections 903-904):
Grooming and hygiene products are generally subject to retail sales and use taxes.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD (sections 905-906, 908):
Businesses owing B&O taxes may be eligible for the small business credit (SBC).

For businesses reporting at least 50% of their activities under the service and other activities, gambling contests of chance, for-profit hospitals, and/or scientific research and development B&O tax classifications, the maximum credit for a reporting period is $160 multiplied by the number of months in the reporting period.

For all other businesses, the maximum credit is $55 multiplied by the number of months in the reporting period.

Businesses meeting all of the following may not need to file a return with the department:
- The gross income of the business subject to B&O tax is less than $125,000 per year.
- The gross income of the business subject to the public utility tax is less than $24,000 per year.
- No requirement to collect or pay retail sales tax.
- No requirement to collect or pay any other tax or fee to the department.

BUSINESS AND OCCUPATION TAX SURCHARGE TAXABLE OVER $250 MILLION (section 907):
Taxpayers with taxable income over $250 million owe an additional 0.5% B&O surcharge, which excludes:
- The taxable amount on which specified financial institutions pay an additional tax.
- Manufacturing and the sale of manufactured goods by a manufacturer.
- Farmers or apiarists.
- Sales of food, food ingredients, food stamp purchases, and prescription drugs.
- Wholesale and retail petroleum product sales by a business located outside of Washington when an affiliated processor-for-hire processed the petroleum.
- Select advanced computing businesses that pay the workforce education advanced computing B&O surcharge.
- Retail and wholesale sales of motor vehicle fuel.
- Amounts businesses report under any timber products tax classifications.

Ten-Year Analysis

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6346 SB	Tax on millionaires	140 Department of Revenue

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Narrative Explanation (Required for Indeterminate Cash Receipts)

These exclusions apply to the measure of taxable income and the measure of the tax.

The B&O surcharge takes effect on January 1, 2026, and expires on December 31, 2029.

PROPOSAL:

PART I THROUGH PART VIII: TAX ON INCOME
This bill creates a new tax on the receipt of Washington taxable income. The tax equals 9.90% multiplied by an individual's Washington taxable income. Only individuals pay the tax. The tax takes effect on January 1, 2028, with taxes first due in 2029.

The County Public Defense Funding Stabilization Account receives 5% of the tax collected under this bill. The state general fund receives the remainder.

A taxpayer computes the amount of Washington base income by making the following adjustments:
- Federal long-term capital gains and losses must be excluded from their federal adjusted gross income (AGI). Washington capital gains must be added to their federal AGI, plus the amounts deducted under the Washington capital gains standard deduction and charitable donations.
- Any income from state and local bonds that are excluded from federal AGI under IRC section 103 must be added to their federal AGI unless the interest is from bonds and other obligations issued by the United States, Washington, or a municipality located in Washington.
- Taxes on or measured by net income, which have been deducted under the IRC in computing federal adjusted gross income, must be added to their federal AGI.
- Any taxes that have been deducted for federal purposes, but for which either a business and occupation tax credit or public utility tax credit, or both, are allowed, must be added to their federal AGI. - Loss carryovers occurring prior to January 1, 2028, must be added to their federal AGI.
- Any income derived from U.S. obligations that Washington is prohibited from taxing must be deducted from their federal AGI.

Washington does not permit any carryover of Washington taxable income in taxable years with Washington taxable income less than zero. Taxpayers may include loss carryforwards, derived from or connected with sources in Washington if they are included in their federal AGI, when calculating their Washington taxable income.

STANDARD DEDUCTION:
Taxpayers calculate Washington taxable income by subtracting the applicable standard deduction amount from the taxpayer’s Washington base income. For residents, the standard deduction is $1 million per individual; for spouses or domestic partners, their combined standard deduction is $1 million, regardless of whether they file joint or separate returns. Non-residents must multiply the resident standard deduction by a fraction equal to Washington's base income divided by their federal AGI.

CHARITABLE CONTRIBUTIONS DEDUCTION:

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Narrative Explanation (Required for Indeterminate Cash Receipts)

Taxpayers may deduct from their Washington base income charitable contributions claimed on their federal returns under section 170. The maximum deduction is $50,000 per individual; for spouses or domestic partners, the combined maximum is $50,000, regardless of whether they file joint or separate returns.

PASS-THROUGH ENTITY TAX PAYMENTS
Distributive share of tax expense must be added to Washington taxable income to the extent it is deducted when calculating federal AGI. This applies only if the pass-through entity elects to be subject to this tax.

ALLOCATION AND APPORTIONMENT:
Residents must allocate all income to Washington.

Non-residents must apportion and allocate the net amount of income, gain, loss, and deduction from their federal AGI to Washington for income derived from or connected with sources within Washington.

For employee compensation, income from employment in Washington is allocated to Washington. When a person provides services as an employee, both within and outside the state, the department will factor the compensation based on the number of days worked in Washington, divided by the total days worked.
For income from business activities, income is apportioned to Washington as follows:
- Apportionable income is apportioned to Washington using a receipts factor, calculating receipts apportioned to Washington divided by total apportionable receipts.
- Net rents and royalties from real property located in Washington are allocated to Washington.
- Capital gains and losses from the sale of real property are allocated to Washington if the real property is located in Washington.
- Capital gains and losses from the sale of tangible personal property are allocated to Washington if the tangible personal property is located in Washington at the time of the sale, or the taxpayer's commercial domicile is in Washington, and the sale is not taxable in the state where the tangible personal property is located at the time of the sale.
- Capital gains and losses from the sale of intangible personal property are allocated to Washington if the taxpayer's commercial domicile is in Washington.
- Interest and dividends are allocated to Washington if the taxpayer's commercial domicile is in Washington.
- Patent and copyright royalties are allocated to Washington to the extent they are used in Washington or the taxpayer's commercial domicile if they are not taxable in another state.

PRORATION OF PART-YEAR INCOME
Taxpayers must allocate all adjusted gross income earned during the portion of the year while a resident of Washington. For the portion of the year when the taxpayer is not a Washington resident, the taxpayer allocates income under the standard allocation rules.

For pass-through entities, allocation for part-year residents is based on the ratio of the number of days the taxpayer was a Washington resident. The pass-through entity

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Narrative Explanation (Required for Indeterminate Cash Receipts)

must allocate income in accordance with its standard allocation processes.

Non-resident members of a professional athletic team will allocate to Washington the total compensation received based on the number of duty days spent in Washington, divided by the total number of duty days during the tax year. The employer must submit an annual report to the department, identifying any member of a professional athletic team who may reasonably owe individual income tax in this state.

Washington apportions the income derived from the commercial use of a student athlete's name, image, or likeness if the publicity services of the student athlete primarily occur in Washington. The taxable income is the portion of the student athlete’s federal AGI derived from payments by a college that represent a percentage of the college's revenue to Washington using the duty-day methodology.

CREDITS:

BUSINESS AND OCCUPATION TAX CREDIT:
Taxpayers receiving income subject to both the B&O tax and the proposed income tax are allowed a credit against the income tax. The credit is equal to the B&O tax paid on the income subject to B&O tax and the proposed income tax. The credit may not exceed the tax otherwise due. The credit may not be carried forward or backward to other tax years.

PUBLIC UTILITY TAX CREDIT:
Taxpayers receiving income subject to both the public utility (PU) tax and the proposed income tax are allowed a credit against the income tax. The credit equals the PU tax paid on the income subject to PU tax and the proposed income tax. The credit may not exceed the tax otherwise due. The credit may not be carried forward or backward to other tax years.

CREDIT FOR WASHINGTON CAPITAL GAINS:
Taxpayers may take a non-refundable credit for taxes due in the same tax year pursuant to the Washington capital gains tax.

CREDIT FOR INCOME TAXES DUE IN ANOTHER JURISDICTION:
Taxpayers receiving income subject to both a tax imposed by another jurisdiction, and this income tax may apply the "out-of-state" tax credit. The credit amount equals the amount of taxes paid to the other jurisdiction.

PASS-THROUGH ENTITIES:
Pass-through entities may choose to pay the tax as an entity rather than distribute the share to individuals by filing an election with the department. Entities must make the election annually, and they must do so by April 15th of the year taxes are paid.

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Narrative Explanation (Required for Indeterminate Cash Receipts)

The pass-through entity's taxable income is determined by applying all state-specific additions, subtractions, and modifications that would apply to the owners individually Each owner of the pass-through entity receives a credit equal to their proportionate share of the tax paid by the electing entity.

ADMINISTRATIVE PROVISIONS:
Individuals with Washington taxable income above their applicable standard deduction must file a return.

Starting July 1, 2029, individuals must submit estimated tax prepayments directly to the department. The schedule and estimated tax payments follow the federal income tax payment and reporting requirements. Estimated tax is not due if it is less than $5,000 annually.

Starting in October 2029, the department must adjust the standard deduction annually based on the Seattle Consumer Price Index. The department will post the adjusted standard deduction on its website. The adjusted standard deduction takes effect for taxes due in the following calendar year.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT (sections 901-902):
These sections expand eligibility for the WFTC program to individuals who were at least 18 by the end of the relevant tax year and who meet other eligibility requirements for the credit.

SALES AND USE TAXES EXEMPTION HYGIENE PRODUCTS (sections 903-904):
Retail sales and use taxes do not apply to the sales or use of grooming and hygiene products.

"Grooming and hygiene products" are soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the items meet the definition of over-the-counter drugs (RCW 82.08.0281)

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD (sections 905-906, 908):
Increase the B&O tax filing threshold to $250,000 and increase the maximum monthly small business credit to $320 for service businesses and $110 for all other businesses.

BUSINESS AND OCCUPATION TAX SURCHARGE TAXABLE OVER $250 MILLION (section 907):

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6346 SB	Tax on millionaires	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at http://www.ofm.wa.gov/tax/default.asp .

Narrative Explanation (Required for Indeterminate Cash Receipts)

This proposal expires the surcharge one year early, on December 31, 2028.

TAX PERFORMANCE PROVISIONS (section 902):
The new tax preference performance provisions do not apply to this bill, except for changes that address the WFTC program (section 901).

EFFECTIVE DATES:

This bill contains a null and void clause. If a court of final jurisdiction invalidates the tax on income (section 201), the entire act is null and void.

PART I THROUGH PART VIII: TAX ON INCOME (sections 101-811):
These sections take effect 90 days after the final adjournment of the session, with the tax imposed beginning January 1, 2028, and the first returns and payments due in April 2029. The first estimated payments are due in July of 2029.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT (sections 901-902):
These sections take effect 90 days after the final adjournment of the session and first impact payout amounts for federal tax year 2028, which will begin in calendar year 2029.

SALES AND USE TAXES EXEMPTION HYGIENE PRODUCTS (sections 903-904):
These sections take effect 90 days after the final adjournment of the session but the changes go into effect January 1, 2029

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD (sections 905-906, 908):
These sections take effect on January 1, 2029.

BUSINESS AND OCCUPATION TAX SURCHARGE TAXABLE OVER $250 MILLION (section 907):
These sections take effect on December 31, 2028.

ASSUMPTIONS:

PART I THROUGH PART VIII: TAX ON INCOME

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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at http://www.ofm.wa.gov/tax/default.asp .

Narrative Explanation (Required for Indeterminate Cash Receipts)

- These sections take effect January 1, 2028. The first returns are due in April 2029.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November B&O tax forecast.
- In response to the new tax, affected taxpayers do not reduce taxable income.
- The total amount of credits may not exceed the tax due. A taxpayer may not carry back or carry forward unused credits.
- To calculate Washington's gross income, add back the taxable amounts subject to Washington capital gains, along with the capital gains standard deduction and charitable deduction.
- The pass-through entity filing election and credit against individual taxpayers' distributive share is revenue neutral. The election allows taxpayers to choose to report as an individual or entity, but the revenue impact does not change.
- Tax year 2028 does not require estimated payments; therefore, it would be due in April 2029. Approximately 89% of total payments will occur in April, while the remaining 11% will happen during October extensions.
- Carry-forward losses for periods prior to the bill's effective date will have a minimal reduction in revenues; however, it is indeterminate due to data limitations.
- The first estimated payments are due July 1, 2029, and are for the January through June 2029 period.
- Due to the reduced IRS enforcement budget, the Institute on Taxation and Economic Policy (ITEP) predicts a decline in federal collections. Based on the ITEP analysis, we applied a 4.71% downward adjustment to taxpayers' AGI before estimating collections.
- Compliance:
  - 90% revenue collections in tax year 2028, and
  - 95% revenue collections in tax year 2029 and thereafter.
- The County Public Defense Funding Stabilization Account receives 5% of the tax collected under this bill. The General Fund receives the remainder.
- NEW Account = County Public Defense Funding Stabilization Account.
- NEW Source = Tax on Income.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT (sections 901-902):
- This legislation has no revenue impact on taxes administered by the department.

SALES AND USE TAXES EXEMPTION HYGIENE PRODUCTS (sections 903-904):
- This proposal takes effect January 1, 2029, and impacts five months of state collections and four months of local collections in fiscal year 2029.
- Annual growth rates reflect the growth in the Statista data.
- Washington's population is 2.34% of the U.S. population.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.

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Narrative Explanation (Required for Indeterminate Cash Receipts)

- The department receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenues for the state and a two-month delay in revenues for local jurisdictions.
- Currently, tribes with compacts receive a share of state sales and use taxes and certain business and occupation taxes (RCW 43.06.523). Additionally, local governments may also receive a portion of state sales and use taxes. Under this legislation, the amount of revenue shared with tribes and local governments may decrease.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD (sections 905-906, 908):
- This proposal takes effect January 1, 2029, and impacts one quarter of collections for quarterly reporting taxpayers and five months of collections for monthly filing taxpayers in fiscal year 2029.
- The annual growth rates reflect the Economic and Revenue Forecast Council's November 2025 B&O forecast.
- The department calculates the maximum small business credits using a 1.5% B&O tax rate for service businesses and a 0.5% B&O tax rate for all other businesses. The calculated credits round up to the nearest multiple of 5.
- An increase in small business credits will have a minimal impact on the Forest and Fish Support Account and the Problem Gambling Account.
- The 1.75% and 2.1% service and other activities tax rates are based on the prior calendar year's taxable income of the taxpayer and all of its affiliates; therefore, some taxpayers paying the higher service and other activities tax rates may qualify for a small business credit, which impacts the Workforce Education Investment Account.

BUSINESS AND OCCUPATION TAX SURCHARGE TAXABLE OVER $250 MILLION (section 907):
- This proposal takes effect January 1, 2029, and impacts 5 months of collections in fiscal year 2029.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 B&O forecast.
- Because a taxpayer must reach the exemption amount before owing the surcharge, surcharge collections increase as the year progresses. Reporting periods spanning July through December reflect the majority of the tax owed.
- Manufacturing-related activities are the amounts reported on excise tax returns with manufacturing line codes and the related manufactured product selling activity reported on the Multiple Activities Tax Credit Schedule C.
- Some manufacturers' net reported amounts instead of taking the multiple tax activities credit. We removed the businesses identified as participating from the population.
- We use the deductions taken on excise tax returns for exempt food, prescription drugs, and motor vehicle fuel sales to estimate the total amount of these sales.
- Taxpayers who owe the B&O surcharge must file excise tax returns monthly.

DATA SOURCES:
- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, November 2025 forecast

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Narrative Explanation (Required for Indeterminate Cash Receipts)

- Internal Revenue Service (2024), Publication 6149 calendar year projections by state
- Internal Revenue Service: Individual income tax returns for tax year 2022
- U.S. Census Bureau, US and Washington Population
- Statista, Beauty & Personal Care Market Data & Analysis
- Department of Ecology, Oil Refinery data

REVENUE ESTIMATES:
This bill increases state revenues by an estimated $2.55 billion in fiscal year 2029, and by $3.45 billion in fiscal year 2030, the first full year of impacted collections.

This bill also decreases local revenues by an estimated $11.6 million in the four months of impacted collections in fiscal year 2029, and by $35.3 million in fiscal year 2030, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):

FY 2026 -	$ 0
FY 2027 -	$ 0
FY 2028 -	$ 0
FY 2029 -	$ 2,548,670
FY 2030 -	$ 3,448,510
FY 2031 -	$ 3,301,290

Local Government, if applicable (cash basis, $000):

FY 2026 -	$ 0
FY 2027 -	$ 0
FY 2028 -	$ 0
FY 2029 -	($ 11,600)
FY 2030 -	($ 35,300)
FY 2031 -	($ 35,800)

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Agency Preparation: Erin Valz	Phone: 360-534-1522	Date: 2/6/2026 1:59:45 pm
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 2/6/2026 1:59:45 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	307 Department of Children, Youth, and Families

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

[X] **No Cash Receipts** [ ] **Partially Indeterminate Cash Receipts** [ ] **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											

Agency Preparation: Wendy Polzin	Phone: 2066702667	Date: 2/6/2026 2:58:47 pm
Agency Approval: Crystal Lester	Phone: 360-628-3960	Date: 2/6/2026 2:58:47 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	310 Department of Corrections

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

[X] **No Cash Receipts** [ ] **Partially Indeterminate Cash Receipts** [ ] **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											

Agency Preparation: meliisa vining	Phone: 360-791-0201	Date: 2/5/2026 1:15:49 pm
Agency Approval: Greg Scott-Braaten	Phone: 360-789-0278	Date: 2/5/2026 1:15:49 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB	Tax on millionaires	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 .

Estimates

[X] **No Cash Receipts** [ ] **Partially Indeterminate Cash Receipts** [ ] **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											

Agency Preparation: Tina Swenson	Phone: 360 890 3500	Date: 2/5/2026 2:14:06 pm
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 2/5/2026 2:14:06 pm
OFM Review:	Phone:	Date: