Multiple Agency Fiscal Note Summary

Bill Number: 6346 SB 6346-S.E AMH FIN H3724.1	**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
Administrative Office of the Courts	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of Attorney General	0	0	160,000	0	0	294,000	0	0	1,173,000
Department of Revenue	(41,900,000)	(40,800,000)	(40,868,000)	2,167,000,000	2,214,700,000	2,356,816,000	5,606,200,000	5,838,200,000	6,109,260,000
Total $	**(41,900,000)**	**(40,800,000)**	**(40,708,000)**	**2,167,000,000**	**2,214,700,000**	**2,357,110,000**	**5,606,200,000**	**5,838,200,000**	**6,110,433,000**

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	Fiscal note not available					
Local Gov. Other		(17,720,999)		(11,865,001)		(486,653,999)
Local Gov. Total		(17,720,999)		(11,865,001)		(486,653,999)

Estimated Operating Expenditures

FNPID: 77469

FNS029 Multi Agency rollup

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outloo	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	1.5	738,000	738,000	738,000	3.0	1,316,000	1,316,000	1,316,000
Office of State Treasurer	.0	0	0	0	.0	0	0	50,000,000	.0	0	0	300,000,000
Office of Attorney General	.7	0	0	160,000	1.3	0	0	294,000	3.5	0	0	1,173,000
Caseload Forecast Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Financial Management	Fiscal note not available											
Department of Retirement Systems	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	27.2	10,068,100	10,068,100	10,068,100	164.8	38,996,200	38,996,200	38,996,200	224.8	157,453,100	157,453,100	157,453,100
Office of Minority and Women's Business Enterprises	Fiscal note not available											
Department of Social and Health Services	Fiscal note not available											
Department of Children, Youth, and Families	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Corrections	.0	1,000	1,000	1,000	.0	0	0	0	.0	0	0	0
Department of Corrections	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
University of Washington	Fiscal note not available											
Eastern Washington University	.0	600	600	600	.0	1,200	1,200	1,200	.0	0	0	0
Central Washington University	.0	600	600	600	.0	1,200	1,200	1,200	.0	0	0	0
The Evergreen State College	.0	600	600	600	.0	1,200	1,200	1,200	.0	0	0	0
The Evergreen State College	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Western Washington University	.0	600	600	600	.0	1,200	1,200	1,200	.0	0	0	0
Employment Security Department	.0	0	0	0	.0	0	0	0	.0	0	0	0
Community and Technical College System	.0	600	600	600	.0	1,200	1,200	1,200	.0	0	0	0
Total $	**27.9**	**10,072,100**	**10,072,100**	**10,232,100**	**167.6**	**39,740,200**	**39,740,200**	**90,034,200**	**231.3**	**158,769,100**	**158,769,100**	**459,942,100**

FNPID: 77469

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	Fiscal note not available								
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	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Caseload Forecast Council	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	Fiscal note not available								
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Office of Minority and Women's Business Enterprises	Fiscal note not available								
Department of Social and Health Services	Fiscal note not available								
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
University of Washington	Fiscal note not available								
Eastern Washington University	.0	0	0	.0	0	0	.0	0	0
Central Washington University	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

FNPID: 77469

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	Fiscal note not available								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Tyler Lentz, OFM	Phone: (360) 790-0055	Date Published: Preliminary 3/ 6/2026

FNPID: 77469

Judicial Impact Fiscal Note

Bill Number:	6346 SB 6346-S.E AMH FIN H3724.1	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.

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Chris Conn	Phone: 360-704-5512	Date: 03/02/2026
Agency Approval:	Chris Stanley	Phone: 360-357-2406	Date: 03/02/2026
OFM Review:	Gaius Horton	Phone: (360) 819-3112	Date: 03/04/2026

Part II: Narrative Explanation

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

The amendment clarifies the exemption for tribal income and adds provisions to comply with federal child support enforcement requirements. It also changes the revenue distribution to the Local Government Public Defense Funding Stabilization Account to $150,000,000 per fiscal year.

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:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	056-Office of Public Defense

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	0.0	0.0	1.5	3.0
Account					
General Fund-State 001-1	0	0	0	738,000	1,316,000
Total $	0	0	0	738,000	1,316,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Geoffrey Hulsey	Phone: 360-586-3164 1	Date: 03/03/2026
Agency Approval:	Sophia Byrd McSherry	Phone: 360-586-3164	Date: 03/03/2026
OFM Review:	Gaius Horton	Phone: (360) 819-3112	Date: 03/04/2026

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.

The proposed amendment does change the fiscal impact of the original SB 6346 to the Office of Public Defense (OPD). The fiscal impact now aligns with those estimated in a related bill, HB 2738.

Section 202 directs $150,000,000 of the tax revenue generated by the amendment to the local government public defense funding stabilization account.

Section 711(1) creates the local government public defense funding 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 and cities for public defense services consistent with Chapter 10.101 RCW. Counties and cities receiving funds must comply with the requirements of RCW 10.101.060.

Section 711(2) directs the State Treasurer to distribute the money in the local government public defense funding stabilization account on a quarterly basis according to the formulas described in Section 711(2).

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.

OPD makes the following assumptions for this fiscal note:

- There will be no new agency responsibilities and no cost in the current biennium under the proposed amendment.
- OPD's duties under the proposed amendment will start in Fiscal Year 2029, beginning with the Treasurer's first distribution to counties and cities from the local government public defense funding stabilization account.
- OPD will provide technical assistance and gather and analyze public defense data reported by all counties and all cities, consistent with RCW 10.101.060, as required by the amendment.

OPD's current Chapter 10.101 RCW responsibilities involve data gathering and analysis, training, and technical assistance for all 39 county and approximately 42 city public defense services. Under the amendment, OPD assumes its oversight and technical assistance responsibilities will increase because of the higher level of investment ($150,000,000 per fiscal year) and the expanded scope from 42 cities to all cities. This could be as many as 281 cities and towns, according to the Association of Washington Cities.

STAFFING ASSUMPTIONS

Beginning July 1, 2028, and ongoing, OPD estimates needing salary, benefits, and associated standard costs for 3.0 FTE. The new staff will support the expanded scope of service to gather and analyze data and provide technical assistance to as many as 281 cities receiving the Treasurer's disbursements from the local government public defense funding stabilization account.

2.0 FTE Managing Attorneys and existing supervisory staff will:

- Carry out monitoring, evaluation, compliance, and review responsibilities for the increased number of cities.
- Oversee implementation, ensure consistent application of standards, and coordinate with other state-level entities.

• Offer deep familiarity with Washington public defense standards and provide resources to counties and cities by making regular on-site visits, guiding local governments on public defense best practices, and serving as liaisons for statewide outreach and technical assistance.

1.0 FTE Data Analyst and existing administrative staff will:
• Meet data collection, analysis, and communication requirements by designing and implementing statewide data collection and dissemination processes.
• Support coordination across all program components.

NON-STANDARD COSTS
In addition to the standard costs, OPD estimates needing additional travel costs estimated at $2,000 per FTE for a total of $6,000 per fiscal year ongoing.

OPD gathers and manages the only centralized source of data regarding trial level criminal public defense services around the state. To accommodate the volume of new data from increased city participation starting in Fiscal Year 2029, OPD will require funding for data management or analytics software. This need is beyond the capabilities of the agency's existing Microsoft 365 suite to ensure required program data are securely maintained, continuously usable, and readily reportable. Estimates for one-time implementation and training costs are $100,000 in Fiscal Year 2029 and $50,000 ongoing.

STANDARD COST SUMMARY
A - Salary estimates are an average of FY 2027 allotment estimates.
B - Benefits are the agency average of 28.01% of salaries.
E - Goods and Services are the agency average of $3,000 per direct program FTE.
G - Travel is the agency average of $2,000 per direct program FTE.
J – Ongoing Equipment is the agency average of $2,000 per direct program FTE.
J – One-time IT Equipment is $10,000 for the first fiscal year per direct program FTE.
T – Direct Program Support for direct supervision and direct financial/contracting support is $14,000 per direct program FTE.
T – Agency Indirect is a de minimus rate of 10% of direct program salaries and benefits.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	0	0	0	738,000	1,316,000
		Total $	0	0	0	738,000	1,316,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years				1.5	3.0
A-Salaries and Wages				383,000	766,000
B-Employee Benefits				107,000	214,000
C-Professional Service Contracts					
E-Goods and Other Services				109,000	118,000
G-Travel				12,000	24,000
J-Capital Outlays				36,000	12,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements				91,000	182,000
9-					
Total $	0	0	0	738,000	1,316,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Data Analyst					0.5	1.0
Managing Attorney	132,000				1.0	2.0
Total FTEs					1.5	3.0

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:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	090-Office of State Treasurer

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

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

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
Local Government Public Defense Funding Stabilization Account-State New-1	0	0	0	150,000,000	300,000,000
Total $	0	0	0	150,000,000	300,000,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Dan Mason	Phone: (360) 902-8990	Date: 03/04/2026
Agency Approval:	Dan Mason	Phone: (360) 902-8990	Date: 03/04/2026
OFM Review:	Rayanna Evans	Phone: (360) 902-0553	Date: 03/05/2026

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.

ESSB 6346 AMH FIN H3724.1 creates the local government public defense funding stabilization account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4). The money in the account, subject to appropriation, will be distributed to the cities and counties.

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

II. C - Expenditures

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

Under section 711, subject to appropriation, the state treasurer shall distribute moneys deposited in the local government public defense funding stabilization account to each city and county as prescribed in section 711(2).

Assumption: The legislature will provide expenditure authority (appropriation) for the office of the state treasurer to distribute the funds.

The estimates in this fiscal note were provided by the department of revenue.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
New-1	Local Government Public Defense Funding Stabilization Account	State	0	0	0	150,000,000	300,000,000
		Total $	0	0	0	150,000,000	300,000,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				150,000,000	300,000,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	0	0	150,000,000	300,000,000

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	100-Office of Attorney General

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Legal Services Revolving Account-State 405-1		160,000	160,000	294,000	1,173,000
Total $	0	160,000	160,000	294,000	1,173,000

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	1.3	0.7	1.3	3.5
Account					
Legal Services Revolving Account-State 405-1	0	160,000	160,000	294,000	1,173,000
Total $	0	160,000	160,000	294,000	1,173,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Amy Flanigan	Phone: 509-456-3123	Date: 03/04/2026
Agency Approval:	Leah Snow	Phone: 360-968-4620	Date: 03/04/2026
OFM Review:	Val Terre	Phone: (360) 280-3073	Date: 03/05/2026

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.

Section 1: New Section – Intent

Section 101: New Section – Definitions

Section 102: New Section – Undefined terms – If term is not defined it has the same meaning as it does when used in the internal revenue code.

Section 201: New Section – Tax rates – Starting January 1, 2028, a tax is imposed on taxable income as defined in this section.

Section 202: New Section – Distribution of Tax Revenue – Sets out where taxes are to be deposited.

Section 203: New Section – Credit for income tax from another jurisdiction. Sets out how credit for taxes paid to other states is determined and applied.

Section 204: New Section – Credit for business and occupation and public utility tax. Beginning in tax year 2028, with taxes due in 2029, it sets out credits for certain business taxes. Sets out rules for how credits are determined and applied.

Section 205: New Section – Credit for capital gains taxes. Credits cannot exceed tax due and cannot be carried forward or backward.

Section 206: New Section – Credit for pass-through tax payment, credit is nonrefundable.

Section 301: New Section – Sets out modifications for computing base income for a taxable year.

Section 302: New Section – Long term capital gains and losses and how those impact the computation of base income.

Section 303: New Section – State and Local obligations – How excluded income and interest on obligations is counted towards base income.

Section 304: New Section – State and Local income taxes – How to include taxes paid and deducted from federal Adjusted Gross Income (AGI) to base income.

Section 305: New Section – Carryovers – How carryover impacts base income.

Section 306: New Section – Federal obligations – How those work with base income.

Section 307: New Section – Incomplete nongrantor trusts. Sets out how to treat Income from a nongrantor trust.

Section 308: New Section – Tribal Income – Exempts certain tribal income from tax when certain conditions are met.

Section 309: New Section – Charitable Contributions – These contributions can be deducted from base income.

Section 310: New Section – Pass-through entity tax payments and effects on base income.

Section 311: New Section – Allows Washington taxpayer to deduct any amount deposited in capital construction fund from base income.

Section 312: New Section – Wagering Losses – Requires deduction for an amount equal to 90 percent of wagering loss. Loss cannot exceed income and cannot be carried over.

Section 313: New Section – One-million-dollar standard deduction.

Section 314: New Section – Adjustments for deductions for nonresidents.

Section 315: New Section – Index for inflation.

Section 401: New Section – Allocation and apportionment of income - What is considered income and deductible expenses.

Section 402: New Section – Pass-through income – When included in income.

Section 403: New Section – Allocation of nonresident income – How and when it is taxable.

Section 404: New Section – Apportioning income for nonresident member of a professional athletic team – How to determine what is taxable.

Section 405: New Section – Apportioning nonresident income from business activity conducted in the state. How to determine what is taxable.

Section 406: New Section – Proration of part year income. How to determine what is taxable.

Section 407: New Section – Allocation and apportionment of nonresident student athlete income. How to determine what is taxable.

Section 501: New Section – Estimated tax – When estimated taxes are due, and penalty for underpayment.

Section 502: New Section – Pass-through tax election – Beginning January 1, 2028, tax is imposed at 9.9 percent when an election is present. Requires annual returns. Allows department to engage in rule making and sets out definitions.

Section 601: New Section – Makes tax evasion a class c felony.

Section 701: New Section – Method of accounting same as federal taxes.

Section 702: New Section – Filing returns – Requires only those owing tax to file returns before federal taxes are due. Rules for electronic filing and what must be included. Allows for penalties and sets forth when penalties can be waived. Allows Department to prescribe by rule additional Washington specific reporting or verification requirements.

Section 703: New Section – Joint vs. Separate return requirements.

Section 704: New Section – This chapter is administered consistent with chapter 82.32 RCW.

Section 705: Amends RCW 82.32.050 to add reference to Section 702 of this act.

Section 706: Amends RCW 82.32.060 to add reference to Section 702 of this act.

Section 707: Amends RCW 82.32.090 to add language about penalties for underpayment of taxes in section 501.

Section 708: New Section – Estimation agreements permitted in certain circumstances.

Section 709: New Section – When provisions of the IRS code control.

Section 710: New Section – Allows rulemaking for administration and enforcement of this chapter.

Section 711: New Section – Creates public defense funding stabilization account. Set out how funds are deposited and allocated.

Section 712: New Section added to chapter 74.20A – When tax refunds are subject to collections. Also requires data sharing agreement between Department of Social and Health Services (DSHS) and revenue to facilitate exchange of information. Also permits rulemaking. Sets rules for collecting past due child support from tax refunds.

Section 713: New Section – Create and advisory group that revenue is to consult with. Sets out who is on this group. Group to start meeting regularly after July 1, 2026, to consult on the implementation of this Act. Final report of recommendations due by December 15, 2027 to fiscal committees.

Section 801: Amends RCW 2.10.180 – Pension or other benefit received are not exempt from tax.

Section 802: Amends RCW 2.12.090 – Pension or other benefit received are not exempt from tax.

Section 803: Amends RCW 2.14.100 – Adds language that the tax exemption in this statute does not apply to Title 82A RCW.

Section 804: Amends RCW 6.15.020 – Adds references to this act.

Section 805: Amends RCW 41.24.240 – Pension or other benefit received are not exempt from tax.

Section 806: Amends RCW 41.32.052 – Pension or other benefit received are not exempt from tax.

Section 807: Amends RCW 41.34.080 – Pension or other benefit received are not exempt from tax.

Section 808: Amends RCW 41.35.100 – Pension or other benefit received are not exempt from tax.

Section 809: Amends RCW 41.37.090 – Pension or other benefit received are not exempt from tax.

Section 810: Amends RCW 41.40.052 – Pension or other benefit received are not exempt from tax.

Section 811: Amends RCW 41.44.240 – Pension or other benefit received are not exempt from tax.

Section 812: Amends RCW 41.26.053 – Pension or other benefit received are not exempt from tax.

Section 813: Amends RCW 41.28.200 – Pension or other benefit received are not exempt from tax.

Section 814: Amends RCW 43.43.310 – Pension or other benefit received are not exempt from tax.

Section 901: Amends RCW 82.08.0206 – Adds age requirement.

Section 902: Amends 2023 c 456 s 3 (uncodified) to add reference to this act.

Section 903: New Section added to chapter 82.08 RCW to exempt grooming and hygiene products from the tax levied in RCW 82.08.020.

Section 904: New Section added to chapter 82.12 RCW to exempt grooming and hygiene products from tax levied by RCW 82.12.020.

Section 905: New Section added to chapter 82.12 RCW – Beginning January 1, 2029 grooming and hygiene products from tax levied by RCW 82.12.020.

Section 906: New Section added to chapter 82.12 RCW –Beginning January 1, 2029, diapers are exempt from tax levied under chapter 82.12 RCW.

Section 907: Amends RCW 82.04.4451 – Increases dollar amount for multipliers.

Section 908: Amends RCW 82.32.045 – Increases exemption amount to $250,00.00.

Section 1001: Amends RCW 82.04.050 – Removes IT services, website services, security services, and staffing services from definition of sale or retail as set forth in this section. Also removes live presentations, custom software, or customization of prewritten computer software. Makes changes to when digital goods and data processing services are a sale under this statute.

Section 1002: Amends RCW 82.04.192 – Enhances definition of digital automated services, live presentations and data processing services.

Section 1003: New Section – Sections 1001 and 1002 take effect January 1, 2030.

Section 1101: Amends RCW 82.04.050 – Alters definition of live presentations.

Section 1102: New Section added to chapter 82.08 RCW – Tax levied in this chapter does not apply to the specified services if sold to K-12 schools, school districts, or educational services districts.

Section 1103: New Section added to chapter 82.12 RCW – This chapter does not apply to the taxes imposed in RCW 82.12.020 when the use of specified services are sold to K-12 schools, school districts, or educational services districts.

Section 1104: Amends RCW 82.04.288 – Exempts taxable income attributed to the wholesale sale of food and food ingredients from the surcharge in specified situations. Adds definition to interpret the exemption.

Section 1105: New Section – RCW 82.32.805 and 82.32.808 do not apply to Sections 1101 through 1104 of this act.

Section 1106: New Section – Sections 1101 through 1104 effective July 1, 2026

Section 1107: New Section – If provision of Sections 1 through 908 is held invalid, Sections 1101 through 1106 is not affected.

Section 1201: Amends RCW 1.90.100 to state this section does not apply to tax authorized in chapter 82.A. RCW.

Section 1202: New Section – If Section 201 is invalidated this act is null and void.

Section 1203: New Section – This act is codified in Title 82A RCW.

Section 1204: New Section – Conforming amendments.

Section 1205: New Section – Section 901 takes effect January 1, 2029. Refunds may not be provided under section 901 prior to January 1, 2028.

Section 1206: New Section – Except as provided in Section 902 of this act, RCW 82.32.805 and RCW 82.32.808 do not apply to this act.

Section 1207: New Section – The tax imposed in this act is necessary for the support of state government.

Section 1208: New Section – Department of Revenue to spend appropriated amounts to implement this act regardless of litigation.

II. B - Cash receipts Impact

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

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

The client agencies are the Department of Revenue (REV), Eastern Washington University (EWU), Central Washington University (CWU), The Evergreen State College (TESC), Western Washington University (WWU), State Board for Community and Technical Colleges (SBCTC), and University of Washington (UW). Attorney General's Office (AGO) will bill all clients for legal services rendered.

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

AGO Assumptions:

1. Department of Revenue (DOR) will be billed for non-King County rates:
FY 2026: $0
FY 2027: $154,000 for 0.5 Assistant Attorney General FTE (AAG) and 0.2 Paralegal 1 FTE (PL1) which includes direct litigation costs of $2,500.
FY 2028: $156,000 for 0.5 AAG and 0.2 PL1 which includes direct litigation costs of $5,000.
FY 2029: $126,000 for 0.4 AAG and 0.2 PL1 which includes direct litigation costs of $5,000.
FY 2030: $489,000 for 1.5 AAG and 0.8 PL1 which includes direct litigation costs of $37,500.
FY 2031 and in each FY thereafter: $684,000 for 2.1 AAG and 1.1 PL1 which includes direct litigation costs of $52,500.

2. Eastern Washington University (EWU) will be billed for non-King County rates:
FY 2026: $0
FY 2027 through FY 2029: $600 for 0.1 AAG and 0.1 PL1
FY 2030 and in each FY thereafter: $0

3. Central Washington University (CWU) will be billed for non-King County rates:
FY 2026: $0
FY 2027 through FY 2029: $600 for 0.1 AAG and 0.1 PL1
FY 2030 and in each FY thereafter: $0

4. The Evergreen State College (TESC) will be billed for non-King County rates:
FY 2026: $0
FY 2027 through FY 2029: $600 for 0.1 AAG and 0.1 PL1
FY 2030 and in each FY thereafter: $0

5. Western Washington University (WWU) will be billed for non-King County rates:
FY 2026: $0
FY 2027 through FY 2029: $600 for 0.1 AAG and 0.1 PL1
FY 2030 and in each FY thereafter: $0

6. State Board for Community and Technical Colleges (SBCTC) will be billed for non-King County rates:

FY 2026: $0
FY 2027 through FY 2029: $600 for 0.1 AAG and 0.1 PL1
FY 2030 and in each FY thereafter: $0

7. University of Washington (UW) will be billed for King County rates:
FY 2026: $0
FY 2027 through FY 2029: $3,000 for 0.1 AAG and 0.1 PL1
FY 2030 and in each FY thereafter: $0

II. C - Expenditures

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

Attorney General's Office (AGO) Agency Assumptions:

Legal services associated with the enactment of this bill will begin on July 1, 2026 (FY 2027).

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

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

1. Assumptions for the AGO Revenue Division (REV) Legal Services for the Department of Revenue (DOR):

The AGO will bill DOR for legal services based on the enactment of this bill. Legal services will include handling appeals after DOR hears internal appeals, defending constitutional challenges including "as applied" constitutional challenges, as well as advising on the implementation of this bill. Additionally, REV will serve the advisory committee created by this bill. In FY 2027 and FY 2028, 0.1 AAG will be needed to serve as part of the advisory committee created by this bill. REV expects four "as applied" challenges in FY 2028 through FY 2029, and that approximately 20 percent of the appeals handled by DOR will be further appealed to the Board of Tax Appeals (BTA) or result in refund actions filed in Thurston County Superior Court. A slight increase in the number of appeals is expected compared to other tax types because it is new. Based on DOR appeals projections, REV will receive new work that includes BTA and court actions, as well as an increase in litigation workload.

REV total workload hours:
FY 2026: 0 AAG hours
FY 2027: 900 AAG hours
FY 2028: 900 AAG hours
FY 2029: 720 AAG hours
FY 2030: 2,700 AAG hours
FY 2031 and in each FY thereafter: 3,780 AAG hours

REV total non-King County workload impact:
FY 2026: $0
FY 2027: $160,000 for 0.7 AAG and 0.4 PL1, which includes direct litigation costs of $3,000
FY 2028: $162,000 for 0.7 AAG and 0.4 PL1, which includes direct litigation costs of $5,000
FY 2029: $132,000 for 0.6 AAG and 0.4 PL1, which includes direct litigation costs of $5,000
FY 2030: $488,000 for 1.5 AAG and 0.8 PL1, which includes direct litigation costs of $38,000
FY 2031 and in each FY thereafter: $683,000 for 2.1 AAG and 1.1 PL1, which includes direct litigation costs of $53,000

2. The AGO Education Division has reviewed this bill and determined the enactment of this bill will have a nominal

impact to the provision of legal services to numerous client agencies such as Eastern Washington University (EWU), Central Washington University (CWU), The Evergreen State College (TESC), Western Washington University (WWU), and the State Board for Community and Technical Colleges (SBCTC). EDU client agencies do not have significant or specific obligations under the bill. New legal services are expected to be nominal.

EDU total workload hours:
FY 2026: 0 hours
FY 2027 through FY 2029: 10 AAG hours
FY 2030 and in each FY thereafter: 0 hours

EDU total non-King County workload impact:
FY 2026: $0
FY 2027 through FY 2029: $3,000 for 0.1 AAG and 0.1 PL1
FY 2030 and in each FY thereafter: $0

3. The AGO University of Washington Division (UOW) has reviewed this bill and determined the enactment of this bill will have a nominal impact to the provision of legal services to University of Washington (UW). New legal services are expected to be nominal.

UOW total workload hours:
FY 2026: 0 hours
FY 2027 through FY 2029: 10 AAG hours
FY 2030 and in each FY thereafter: 0 hours

UOW total King County workload impact:
FY 2026: $0
FY 2027 through FY 2029: $3,000 for 0.1 AAG and 0.1 PL1
FY 2030 and in each FY thereafter: $0

4. The AGO Social & Health Services Division (SHO) has reviewed this bill and determined it will not increase or decrease the division's workload in representing the Department of Social and Health Services (DSHS). The enactment of this bill will not impact the provision of legal services to DSHS because DSHS is prepared to handle rulemaking with in-house staff. Legal enforcement under Section 712 of this bill is unlikely to require AGO support. New legal services are nominal, and costs are not included in this request.

5. The AGO Washington State University Division (AGO-WSU) has reviewed this bill and determined it will not increase or decrease the division's workload. Therefore, no costs are included in this request.

AGO total workload hours:
FY 2026: 0 hours
FY 2027 and FY 2028: 920 AAG hours
FY 2029: 740 AAG hours
FY 2030: 2,700 AAG hours
FY 2031 and in each FY thereafter: 3,780 AAG hours

AGO total workload impact:
FY 2026: $0
FY 2027: $160,000 for 0.7 AAG and 0.4 PL1, which includes direct litigation costs of $3,000
FY 2028: $162,000 for 0.7 AAG and 0.4 PL1, which includes direct litigation costs of $5,000
FY 2029: $132,000 for 0.6 AAG and 0.4 PL1, which includes direct litigation costs of $5,000
FY 2030: $488,000 for 1.5 AAG and 0.8 PL1, which includes direct litigation costs of $38,000
FY 2031 and in each FY thereafter: $683,000 for 2.1 AAG and 1.1 PL1, which includes direct litigation costs of $53,000

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
405-1	Legal Services Revolving Account	State	0	160,000	160,000	294,000	1,173,000
		Total $	0	160,000	160,000	294,000	1,173,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		1.3	0.7	1.3	3.5
A-Salaries and Wages		110,000	110,000	199,000	763,000
B-Employee Benefits		30,000	30,000	54,000	199,000
C-Professional Service Contracts		3,000	3,000	10,000	91,000
E-Goods and Other Services		16,000	16,000	29,000	113,000
G-Travel		1,000	1,000	2,000	7,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	160,000	160,000	294,000	1,173,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Assistant Attorney General	136,896		0.6	0.3	0.6	1.8
Assistant Attorney General-King County	143,741		0.1	0.1	0.1	
Management Analyst 5	98,040		0.2	0.1	0.2	0.7
Paralegal 1	73,284		0.3	0.2	0.3	1.0
Paralegal 1-King County	76,944		0.1	0.1	0.1	
Total FTEs			1.3	0.7	1.3	3.5

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Education Division (EDU)		3,000	3,000	6,000	
Revenue Division (REV)		154,000	154,000	282,000	1,173,000
University of Washington Division (UOW)		3,000	3,000	6,000	
Total $		160,000	160,000	294,000	1,173,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	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:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Clela Steelhammer	Phone: 360-664-9381	Date: 03/02/2026
Agency Approval:	Clela Steelhammer	Phone: 360-664-9381	Date: 03/02/2026
OFM Review:	Kate LaBelle	Phone: (360) 480-0270	Date: 03/02/2026

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.

ESSB 6346 (H-3724.1)
TAX ON MILLIONAIRES
101 – Caseload Forecast Council
February 28, 2026

SUMMARY

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

Section 601 Adds a new section establishing a new Class C felony offense for any person who knowingly attempts to evade the tax imposed 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 1202 Adds a null and void clause.

Section 1203 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 a new Class C unranked felony offense 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 offense 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 offense 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.

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

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

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 offense would be considered as a Category C on the Juvenile Sentencing Grid (Other Offense Equivalent to an Adult Class C Felony). The offense 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 this offense. Therefore, incidences of this offense would likely impact both local juvenile detention and Juvenile Rehabilitation beds.

Individual State Agency Fiscal Note

Bill Number: 6346 SB 6346-S.E AMH FIN H3724.1	Title: Tax on millionaires	Agency: 124-Department of Retirement Systems

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.

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

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Amy McMahan	Phone: 360-664-7307	Date: 03/04/2026
Agency Approval:	Marcus Ehrlander	Phone: 360-664-7303	Date: 03/04/2026
OFM Review:	Scott Hancock	Phone: (360) 890-2518	Date: 03/06/2026

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.

SUMMARY OF CHANGES IN 6346 SB 6346-S.E AMH FIN H3724.1
Several amendments are combined in this version. Part VIII APPLICATION OF TAX TO PUBLIC PENSIONS now amends Chapter RCW 41.28 RCW, addressing retirement of personnel in certain first-class cities, to match revisions made to other pension statutes throughout Part VIII. The changes do not create an administrative impact for DRS.

SUMMARY OF CHANGES IN ENGROSSED SUBSTITUTE BILL
With regard to the state pension systems administered by DRS, Part VIII is updated to address the Public Safety Employees' Retirement System (PSERS) Plan 2 and the Judicial Retirement Account (JRA), as it had addressed other state pension systems to clarify that certain pre-existing exemptions related to state and local tax law and collections provisions do not apply to the tax established under the bill. These additions do not create a fiscal impact for DRS.

SUMMARY OF CHANGES IN SUBSTITUTE BILL
The substitute version makes the following changes:
- Increases the distribution amount for public defense services from 5% to 7%;
- Allocates 10% of the revenues for public defense services to cities and provides an alternate distribution mechanism for counties;
- Increases the charitable deduction from $50,000 to $100,000;
- Specifies that income excluded from federal AGI, including tribal treaty income, is also exempt from the state tax calculation unless a specific provision in state law requires otherwise;
- Authorizes a deduction for contributions to a capital construction fund by commercial fisherman and vessel operators where the amounts reduced federal taxable income;
- Increases the small business B&O tax credit to exempt approximately the first $300,000 of business income with a complete phaseout at $600,000;
- Specifies that DOR will continue with implementation efforts regardless of litigation;
- Adds additional intent language; and
- Makes technical clarifications and corrections.

Part VIII addressing the public pension system is unchanged, and so the drafting note mentioned on the original remains relevant. The changes do not create a fiscal impact for DRS.

SUMMARY OF ORIGINAL BILL
HB 2742/SB 6346 establishes a tax on millionaires to help fund K-12 education, health care, higher education, other essential governmental services, and the work families' tax credit.

Section 1 declares an intent to help the state meet its duty in providing services, programs and funding to help Washingtonians succeed and thrive. Subsection 1(9) states the legislature's goal is to limit this new tax to only individuals with an annual adjusted gross income of $1,000,000 or more. Exceptions are outlined for qualified family-owned small businesses and sale of real property. Subsection 1(12) describes the intention to follow internal revenue code (IRC) measurement of adjusted gross income with some modifications to achieve this legislation's goals and purpose.

Part II Section 201 sets the applicable tax rate at 9.90 percent tax multiplied by an individual's Washington taxable income.

Part VIII addresses public pensions, and amends certain existing statutory language to clarify that it does not exempt pension or other benefits from the applicability of the tax created in this bill. In addition, existing provisions that exempt federal and state pension payments from execution, attachment, garnishment and seizure by legal process are amended so that the exemptions would not apply to collection actions related to the new tax.

Drafting note on original bill (addressed in 6346 SB 6346-S.E AMH FIN H3724.1): In updating the chapters for each pension system, it appears that Chapter 41.37 addressing the Washington Public Safety Employees' Retirement System may have been inadvertently omitted (specifically, RCW 41.37.090). In addition, RCW 2.14.100 and RCW 41.28.200 contain similar language to the sections that are amended, but are not themselves updated in the bill.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Rulemaking will be required around garnishment thresholds and treatment related to the proposed tax.

Department of Revenue Fiscal Note

Bill Number:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	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 -				2,548,000,000	7,215,000,000
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		(42,400,000)	(42,400,000)	(407,600,000)	1,677,000,000)
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		500,000	500,000	26,600,000	68,200,000
Multimodal Transportation Account-State 01 - Taxes 01 - Retail Sales Tax				(7,200,000)	(26,240,000)
Workforce Education Investment Account-State 01 - Taxes 05 - Bus and Occup Tax		1,100,000	1,100,000	47,700,000	232,000,000
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		(68,000)	(68,000)	(684,000)	(2,700,000)
NEW-State 00 - 00 -				150,000,000	300,000,000
Total $		(40,868,000)	(40,868,000)	2,356,816,000	6,109,260,000

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1	54.2	27.2	164.8	224.8
Account					
GF-STATE-State 001-1	41,600	10,026,500	10,068,100	138,996,200	157,453,100
Total $	41,600	10,026,500	10,068,100	138,996,200	157,453,100

Estimated Capital Budget Impact:

NONE

Request # 6346-5-1

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:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Erin Valz	Phone: 360-534-1522	Date: 03/03/2026
Agency Approval:	Valerie Torres	Phone: 360-534-1521	Date: 03/03/2026
OFM Review:	Tyler Lentz	Phone: (360) 790-0055	Date: 03/05/2026

Request # 6346-5-1

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Note: This fiscal note reflects House amendment AMH FIN H3724.1 to ESSB 6346, 2006 Legislative Session.

COMPARISON OF THE STRIKING AMENDMENT WITH THE ENGROSSED SUBSTITUTE BILL:
The striking amendment:
- Changes the intent section.
- Section 202: Changes the amount of funds the local government public defense funding stabilization account receives from 7% to $150,000,000.
- Section 308: Adds a new section that clarifies the treatment of income received by members of federally recognized Indian tribes reserved by treaty, Executive Order, or an Act of Congress.
- Section 311: Adds a new section that creates a taxable income deduction equal to 90% of Washington allocated wagering losses for the tax year.
- Section 401: Adds wagering losses to the types of income that must be allocated to Washington. This section also excludes income earned by a nonresident participating as a keynote speaker, panelist, presenter, moderator, or similar role at a convention, trade show, or business event held in this state, if the individual meets certain requirements.
- Section 712: Adds a new section making income tax refunds held by the department subject to collection by DSHS for past due child support. The section also authorizes the department rulemaking authority and for the department and DSHS to enter into a data-sharing agreement for exchanging child support-related data to administer the income tax effectively.
- Section 713: Adds a new section that creates an advisory group to assist the Department of Revenue (department) in the implementation of the act.
- Section 813: Adds a new section that specifies that pensions and certain other income are not exempt from qualified income.
- Sections 905-906: Adds a new section to exempt diapers from retail sales and use taxes.
- Section 1101: “Live presentations” for the purposes of retail sales tax do not include before and after school care provided in-person and on-site by elementary schools, presentations given by a nonprofit organization exempt from federal income tax under Title 26 U.S.C. Sec. 501(c) of the federal internal revenue code.
- Section 1102-1103: Creates a sales and use taxes exemptions for sales of certain retail services when sold to kindergarten through 12th grade (K-12) schools, school districts, and educational service districts. The following retail services are exempt from sales and use taxes: Information technology services; custom website development; investigation, security, and armored car services; temporary staffing; and custom software and customization of prewritten software.
- Section 1104: Wholesale sales of food and food ingredients are exempt from the high-grossing business surcharge when the food sold is either not manufactured by a company affiliated with the wholesaler or sold to a grocery store not affiliated with the wholesaler.
-The section expiring the B&O surcharge on taxable amounts of $250 million on 12/31/2028 was removed.

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
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 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 GROOMING AND HYGIENE PRODUCTS AND DIAPERS
Grooming and hygiene products, as well as diapers, are generally subject to retail sales and use taxes.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD
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.

PART X CHAPTER 422, LAWS OF 2025
Generally, retail sales and retailing business and occupation (B&O) taxes are due on sales of:
- Tangible personal property when sold to the consumer.
- Digital products, including digital goods and digital automated services (DAS).
- Services defined as retail services.

If a business does not pay retail sales tax on a retail sale, it must pay use tax based on the value of tangible personal property, digital product, or retail service.

Some services do not qualify as digital automated services, which means those sales do not count as retail sales.

The General Fund receives deposits from retail sales, retailing B&O, and uses tax collections, except for specific cases of retail sales tax:
- The Performance Audit Account receives 0.16% of the retail sales and taxes collected.
- Starting July 1, 2027, the Multimodal Account will receive a transfer of 1% of the selling price or value from retail sales and use taxes.

PART XI CLARIFYING APPLICABILITY OF RECENT CHANGES TO SALES AND USE TAXES AND BUSINESS AND OCCUPATION TAXES
Generally, retail sales and retailing B&O taxes are due on sales of:
- Tangible personal property when sold to the consumer.
- Digital products, including digital goods and digital automated services (DAS).
- Services defined as retail services.

If a retail sale does not include payment of retail sales tax, the buyer must pay use tax on the value of the tangible personal property, digital product, or retail service.

Certain services are excluded from the definition of digital automated service; such sales are not retail sales.

The General Fund receives deposits from retail sales, retailing B&O, and use tax collections, except for specific exceptions related to retail sales tax:
- The Performance Audit Account receives 0.16% of the retail sales and taxes collected.
- Starting July 1, 2027, the Multimodal Account will receive 1% of the selling price or value from retail sales and use taxes.

An additional 0.5% B&O surcharge applies to high-grossing businesses. A high-grossing business is one with taxable income exceeding $250 million, subject to certain exclusions.

The B&O surcharge expires on December 31, 2029.

PROPOSAL:

PART I THROUGH PART VIII: TAX ON INCOME
This bill creates a new tax on Washington taxable income. The tax equals 9.90% of 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 Local Government Public Defense Funding Stabilization Account receives $150 million of the tax collected under this bill. The General Fund receives the remainder. This bill specifies how the state treasurer distributes funds from the Local Government Public Defense Funding Stabilization Account to local jurisdictions on a quarterly basis.

A taxpayer computes the amount of Washington base income by making the following adjustments:
- Income excluded from federal adjusted gross income (AGI), including certain income received by members of federally recognized Indian tribes, also remains excluded from their Washington base income unless the proposals specifically include it in the adjusted gross income modifications.

- Federal long-term capital gains and losses must be excluded from their federal AGI. Washington capital gains must be added to their federal AGI, plus the amounts deducted under the Washington capital gains standard deduction.
- 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 AGI, must be added to their federal AGI.
- Any taxes that have been deducted for federal purposes, but for which either a B&O 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.
- Amounts deposited in a capital construction fund for vessel improvements or acquisition (IRC section 7518) may be deducted from their Washington base income if the amount reduces their federal taxable income.
- Income from nongrantor trust must be added to their federal AGI if the trust was funded by the taxpayer with an incomplete gift under IRC section 2511.

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 when calculating their Washington taxable income, provided they are included in their federal AGI.

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 state-registered 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 IRC section 170. The maximum deduction is $100,000 per individual; for spouses or domestic partners, the combined maximum is $100,000, 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.

WAGERING LOSSES:
Taxpayers may deduct from their Washington base income up to 90% of Washington-sourced gambling losses. No carry forward is allowed.

ALLOCATION AND APPORTIONMENT:

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

NON-RESIDENT ALLOCATION AND APPORTIONMENT:
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.
- Short-term capital gains and losses from the sale of real property are allocated to Washington if the real property is located in Washington.
- Short-term 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.
- Short-term 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.
- Income earned by a nonresident keynote speaker, panelist, presenter, moderator, or similar role at a convention trade show or business event held in Washington may be excluded from their Washington taxable income.

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 shall include their distributive share of entity's income, gains, losses, deductions and claim credits for the portion of the year in which the individual was a Washington resident.

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.

By January 1, 2028, the department is tasked with submitting proposed legislation to the Legislature that would implement an apportionment methodology that can be used to identify the portion of adjusted gross income of a nonresident student athlete derived from payments by an institution of higher education representing a percentage of institutional athletic

revenues that would be apportioned to Washington in a form and manner consistent with a 31 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 equals 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 their Washington capital gains taxes.

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. The credit may not be carried forward or backward to other tax years.

PASS-THROUGH ENTITIES:
Pass-through entities may choose, by filing an election, to pay the tax as an entity rather than their owners including their distributive share of the pass-through entities' income, gains, losses, and deductions in the calculation of the Washington base income. Entities must make the election annually, and they must do so by June 15th of the year taxes are paid. The owners may choose not to participate in the election.

The pass-through entity's taxable income is determined by applying a pro rata share of net income, gain, loss, and deduction that would apply to the owners individually. Each owner of the pass-through entity receives a credit equal to their pro rata 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. If a taxpayer has obtained an extension of time to file their federal income tax return, they are entitled to the same extension for their state return, but not for paying the tax due.

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.

The Legislature intends for the department to spend appropriated amounts to implement the tax regardless of litigation.

This bill establishes an advisory group to assist the department in implementing this act. After July 1, 2026, the advisory group will meet regularly to provide input on implementing this act and to offer recommendations for its administration. By December 15, 2026, the department must provide a preliminary report on the recommended changes identified during the advisory group's initial phase. The department must provide a final report of recommendations related to the administration of the tax by December 15, 2027.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT
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 GROOMING AND HYGIENE PRODUCTS
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).

SALES AND USE TAXES EXEMPTION DIAPERS
Retail sales and use taxes do not apply to the sales or use of diapers.

"Diapers" means absorbent garments worn by humans who are incapable of, or have difficulty, controlling their bladder or bowel movements.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD
Increase the B&O tax filing threshold to $250,000 and increase the maximum monthly SBC to $375 for service businesses and $125 for all other businesses.

PART X CHAPTER 422, LAWS OF 2025
Part X removes the following services from the definition of retail sales:
- Information technology training services, technical support, and other services, including, but not limited to, assisting with network operations and support, help desk services, in-person training related to hardware or software, network system support services, data entry services, and data processing services.
- Custom website development services.
- Investigation, security services, security monitoring services, and armored car services, including, but not limited to, background checks, security guard and patrol services, personal and event security, armored car transportation of cash and valuables, and security system services and monitoring.
- Temporary staffing.
- Live presentations, including, but not limited to, lectures, seminars, workshops, or courses where participants attend either in-person or via the internet or telecommunications equipment that allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time.
- Sales of custom software and customization of prewritten computer software to a consumer.
- Digital automated services that primarily involve the application of human effort by the seller, and the human effort originated after the customer requested the service.

- Digital automated data processing services.

Sellers of such sales pay B&O tax under the service and other activities B&O tax classification.

The service and other activities tax classification has three tax rates:
- 1.5% for a business with any of the following:
  - Taxable service and other activities of $1 million or less.
  - Paying the workforce education investment surcharge.
  - That is a hospital.
- 1.75% when taxable service and other activities if more than $1 million but less than $5 million.
- 2.1% when taxable service and other activities is more than $5 million.

The Workforce Education Investment Account (WEIA) receives 14.3% of the tax collected from the 1.75% and 2.1% rates. The General Fund receives all other tax collections from the service and other activities tax classification.

Income taxable under the service and other activities B&O tax classification may also be subject to the additional tax on specified financial institutions (RCW 82.04.29004) or the workforce education investment surcharge (RCW 82.04.299).

Except for the tax performance statement in section 902, the new tax preference performance provisions do not apply to this bill (see sections 1105 and 1205).

PART XI CLARIFYING APPLICABILITY OF RECENT CHANGES TO SALES AND USE TAXES AND BUSINESS AND OCCUPATION TAXES

SECTION 1101
This section excludes the following from the definition of "live presentations" and thus, from the definition of a retail sale:
- Before and after-school programs provided by elementary schools.
- Programs provided by nonprofits.

Sellers of such sales pay B&O tax under the service and other activities B&O tax classification.

The service and other activities B&O tax are:
- 1.5% if the business's taxable service and other activities income is less than $1 million in the prior year.
- 1.75% if the business's taxable service and other activities income is between $1 million and $5 million in the prior year.
- 2.1% if the business's taxable service and other activities income is $5 million or more in the preceding calendar year.

The General Fund receives most B&O taxes. One exception is the tax collected from the 1.75% and 2.1% service and other activities B&O tax rates; the Workforce Education Investment Account (WEIA) receives 14.3% of those taxes.

SECTIONS 1102 AND 1103
These sections create sales and use taxes exemptions for sales of certain retail services when sold to kindergarten through 12th grade (K-12) schools, school districts, and educational service districts.

The following retail services are exempt from sales and use taxes:
- Information technology services.
- Custom website development.

- Investigation, security, and armored car services.
- Temporary staffing.
- Custom software and customization of prewritten software.

Live presentations are exempt from retail sales tax.

Sellers making tax-exempt sales must obtain and keep the buyer's exemption certificate.

The new tax preference performance provisions do not apply (see section 1105).

SECTION 1104
Wholesale sales of food and food ingredients are exempt from the high-grossing business surcharge when the food sold is either:
- Not manufactured by a company affiliated with the wholesaler.
- Sold to a grocery store not affiliated with the wholesaler.

SECTION 1107
If any of the income tax or tax relief provisions in sections 1 through 908 of this bill are held invalid, the application of the provisions in sections 1101 through 1106 are not affected.

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

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
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
These sections take effect January 1, 2029. No refunds may be provided for any period before January 1, 2028.

SALES AND USE TAXES EXEMPTION GROOMING AND HYGIENE PRODUCTS
These sections take effect 90 days after the final adjournment of the session, but the changes go into effect January 1, 2029.

SALES AND USE TAXES EXEMPTION DIAPERS
These sections take effect 90 days after the final adjournment of the session, but the changes go into effect January 1,

2029.

PART X CHAPTER 422, LAWS OF 2025
This part takes effect on January 1, 2029.

PART XI CLARIFYING APPLICABILITY OF RECENT CHANGES TO SALES AND USE TAXES AND BUSINESS AND OCCUPATION TAXES
These sections take effect on July 1, 2026.

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.
- Washington-sourced gambling losses are 72% of Washington-sourced gambling winnings reported to the IRS.
- 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 capital 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.
- Exclusion of certain income received by tribal members has a negative but indeterminate revenue impact due to data limitations.
- Income earned from nonresident speakers in Washington has a negative but indeterminate revenue impact 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 Local Government Public Defense Funding Stabilization Account receives the first $150 million of the tax collected each fiscal year under this bill. The General Fund receives the remainder.
- NEW Account = Local Government Public Defense Funding Stabilization Account.
- NEW Source = Tax on Income.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT
- This legislation has no revenue impact on taxes administered by the department.

SALES AND USE TAXES EXEMPTION GROOMING AND HYGIENE PRODUCTS
- Annual growth rates reflect the growth in the Statista data.

- Washington's population is 2.34% of the U.S. population.
- 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 with compacts and local governments may decrease.
- 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.
- This proposal takes effect January 1, 2029, and impacts five months of state collections and four months of local collections in fiscal year 2029.

SALES AND USE TAXES EXEMPTION DIAPERS
- Revenues assume there are no violations of the Streamlined Sales and Use Tax Agreement (SSUTA); however, SSUTA requires exempted items to be defined in Part II or Part III (B) of the Library of Definitions.
- Annual growth rates for diapers reflect the growth in the Statista data.
- The Washington population is 2.3% 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 with compacts and local governments may decrease.
- This proposal takes effect January 1, 2029, and impacts five months of state collections and four months of local collections in fiscal year 2029.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD
- 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.

PART X CHAPTER 422, LAWS OF 2025
- The Department of Revenue (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 revenue impacts for the state and a two-month delay for local jurisdictions.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- This legislation takes effect January 1, 2029, and impacts five months of state collections and four months of local collections in fiscal year 2029.
- 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 with compacts and local governments may decrease.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 taxable B&O forecast.
- This estimate calculates service and other activities business and occupation tax impacts using an effective tax rate of 1.93%. Of this total, the Workforce Education Investment Account will receive 11.9%.
- The tax impact for the DAS exclusion for human effort is indeterminate.
- Approximately 25% of software sold is custom software.
- Approximately 10% of temporary staffing services are provided to hospitals.
- Approximately 60% of events considered live presentations are held in person.
- Approximately 30% of a company's transactions are to affiliates.

PART XI, EXEMPT BEFORE AND AFTER SCHOOL CARE AND PROGRAMS PROVIDED BY NONPROFITS FROM LIVE PRESENTATIONS SUBJECT TO RETAIL SALES TAX
- The Department of Revenue (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 revenue impacts for the state and a two-month delay for local jurisdictions
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- Currently, tribes with compacts receive a share of state sales and use taxes and certain B&O 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 with compacts and local governments may decrease.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 consumer price index forecast.
- This legislation takes effect July 1, 2026, and impacts 11 months of state collections and 10 months of local collections in fiscal year 2027.

PART XI, SALES AND USE TAXES EXEMPTION FOR SCHOOLS, SCHOOL DISTRICTS, AND EDUCATIONAL SERVICE DISTRICTS
- Live presentations are not subject to use tax; therefore, only a retail sales tax exemption is provided in this proposal.
- The majority of temporary hiring done by schools is direct. This estimate assumes that 1% of temporary hiring expenses are for the purchase of temporary staffing services from employment agencies.
- This estimate assumes the following percentages for qualifying exempt sales and use taxes expenses:
  - 14% of professional services expenses are related to investigation, security services, and security monitoring.
  - 25% of computer and technology software, hardware, and services expenses identified are related to custom website design, support, and development services, and information technology-related training services, and technical support.
  - 25% of software purchases are of custom software and/or customization of prewritten software.
- The estimated private school costs use a public school per-pupil cost and apply that cost to private school enrollment totals.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 consumer price index forecast.
- 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 with compacts and local governments may decrease.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- The Department of Revenue (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 revenue impacts for the state and a two-month

delay in revenue impacts for local jurisdictions.
- This legislation is effective on July 1, 2026, and impacts 11 months of state collections and 10 months of local collections in fiscal year 2027.

ALLOW WHOLESALERS TO DEDUCT INCOME FROM SALES OF FOOD TO GROCERY STORES
- This proposal takes effect July 1, 2026, and impacts 11 months of collections in fiscal year 2028. The majority of collections within a given calendar year happen between July and December.
- Approximately 25% of food sold by grocery distributors is manufactured by an affiliated company.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 B&O forecast.
- 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.
- Deductions taken on the excise tax returns for exempt food, prescription drugs, and motor vehicle fuel sales are used to estimate the amount of such sales.
- Taxpayers who owe the B&O surcharge must file excise tax returns monthly.
- This proposal is estimated to impact six grocery wholesalers.

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
- National Library of Medicine, "US Taxation of Gambling Winnings and Incentives to Bet"
- U.S. Census Bureau, US and Washington Population
- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, November 2025 forecast
- U.S. Department of Agriculture. (July 23, 2025). Retailing & Wholesaling - Wholesaling. https://www.ers.usda.gov/topics/food-markets-prices/retailing-wholesaling/wholesaling
- Statista, Baby Diapers Market Insights
- Statista, Incontinence Market Insights
- Statista, Beauty & Personal Care Market Data & Analysis
- Department of Ecology, Oil Refinery data
- U.S. Bureau of Economic Analysis, "Gross Domestic Product By State and Personal Income by State, 3rd Quarter 2025" news release (2026, January 23). https://www.bea.gov/news/2026/gross-domestic-product-state-and-personal-income-state-3rd-quarter-2025
- Employment Security Department, Labor market data (Retrieved January 28, 2026)
- Bryan Reynolds (2021, August 9). What Percent of Companies Use Custom Software: How to Know if Your Company Requires It. Baytechconsulting.com. https://www.baytechconsulting.com/blog/how-to-know-if-your-company-requires-custom-software
- 3 Steps to Taming Intercompany Accounting. (2020, October 21) Netsuite.com. Retrieved January 29, 2026 from https://www.netsuite.com/portal/resource/articles/accounting/3-steps-to-taming-intercompany-accounting.shtml
- Washington Office of Superintendent of Public Schools, 2024-25 Table 4: General Fund Expenditures by NCES Code
- Washington Office of Superintendent of Public Schools, 2024-25 ESD Expenditures and Revenues
- Washington Office of Superintendent of Public Schools Report Card (accessed December 20, 2025)
- Washington State Board of Education, 2024-25 Private School Enrollment Number (accessed December 20, 2025)
- Kelly Services Inc., 2024 10-K report
- Young, Scott. (November 18, 2025). IT Budget Planning for 2026: What Business Owners Can't Afford to Ignore. https://penncomp.com/it-budget-planning-2026-businesses/

- Bryan Reynolds (2021, August 9). What Percent of Companies Use Custom Software: How to Know if Your Company Requires It. Baytechconsulting.com. https://www.baytechconsulting.com/blog/how-to-know-if-your-company-requires-custom-software
- Seattle Convention Center, 2024 Event data

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):

FY 2026 -	$ 0
FY 2027 -	($ 40,868)
FY 2028 -	($ 46,577)
FY 2029 -	$ 2,403,393
FY 2030 -	$ 3,356,690
FY 2031 -	$ 2,752,570

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

FY 2026 -	$ 0
FY 2027 -	($ 17,900)
FY 2028 -	($ 22,300)
FY 2029 -	($ 141,200)
FY 2030 -	($ 390,500)
FY 2031 -	($ 404,100)

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 $41,600 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 0.14 FTE.
- Create a special notice and update relevant information on the department's website.

Object Costs - $23,000.
- Print and mail documents and correspondence.

SECOND YEAR COSTS:
The department will incur total costs of $10,026,500 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 54.2 FTEs.
- Consult with and provide staff support to the advisory group implementing the income tax program.

- Provide an initial report to make recommendations regarding the implementation and administration of the income tax program to legislative fiscal committees.
- 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 - $1,977,200.
- Personal services contracts for the new income tax system.
- Contract with website services vendor to conduct a full redesign of the department's web services to accommodate the new tax and filers.
- 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 $53,801,400 in fiscal year 2028. These costs include:

Labor Costs – Time and effort equate to 131.8 FTEs.
- Continue consultation and support for the advisory group implementing the income tax program.
- Provide a final report to make recommendations regarding the implementation and administration of the income tax program to legislative fiscal committees.
- 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 - $36,531,600.

- Contract with website services vendor to conduct a full redesign of the department's web services to accommodate the new tax and filers.
- 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 $85,194,800 in fiscal year 2029. These costs include:

Labor Costs – Time and effort equate to 197.7 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.
- Amend one excise tax advisory.
- 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 - $60,811,000.

- 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.
- Increased web services maintenance to accommodate the new tax and filers.
- 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 $79,226,500 in fiscal year 2030. These costs include:

Labor Costs – Time and effort equate to 226.4 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.
- Create a special notice and update relevant information on the department's website.
- 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 - $52,399,100.
- WFTC payments to qualifying applicants of $44,000,000.
- Increased web services maintenance to accommodate the new tax and filers.
- 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 $78,226,600 in fiscal year 2031. These costs include:

Labor Costs – Time and effort equate to 223.2 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 - $52,024,100.
- WFTC payments to qualifying applicants of $44,000,000.
- Increased web services maintenance to accommodate the new tax and filers.
- 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	0.1	54.2	27.2	164.8	224.8
A-Salaries and Wages	11,800	5,141,300	5,153,100	26,468,500	33,749,200
B-Employee Benefits	4,300	1,850,800	1,855,100	9,528,500	12,149,900
C-Professional Service Contracts		486,400	486,400	47,459,800	10,866,800
E-Goods and Other Services	25,000	1,006,400	1,031,400	7,976,300	9,715,300
G-Travel		154,800	154,800	318,300	86,600
J-Capital Outlays	500	1,386,800	1,387,300	3,244,800	2,885,300
N-Grants, Benefits & Client Services				44,000,000	88,000,000
Total $	$41,600	$10,026,500	$10,068,100	$138,996,200	$157,453,100

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		1.0	0.5	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		0.1	0.1	4.5	14.0
EXCISE TAX EX 3	67,992				3.5	12.0
EXCISE TAX EX 4	75,112				2.2	3.0
FISCAL ANALYST 1	49,428				0.6	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	0.5
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		4.8	2.4	6.3	4.0
IT B A-SR/SPEC	107,544		2.2	1.1	2.9	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	6.9	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		2.5	1.3	2.6	2.0
IT SYS ADM-SR/SPEC	107,544		1.0	0.5	1.0	1.0
MGMT ANALYST4	80,822		2.9	1.5	8.7	9.5
MGMT ANALYST5	89,313		5.3	2.7	7.8	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		0.2	0.1	13.8	15.2
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	0.1		0.1	1.8	0.2
TAX POLICY SP 3	93,800	0.0	3.6	1.8	8.9	7.7
TAX POLICY SP 4	100,981		6.4	3.2	8.0	6.1
WEB DESIGNER & UI/UX	84,987		1.0	0.5	1.1	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	8.5	11.4
WMS BAND 3	114,564		2.2	1.1	2.3	2.2
Total FTEs		0.1	54.2	27.2	164.8	224.8

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:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	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:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Wendy Polzin	Phone: 2066702667	Date: 03/04/2026
Agency Approval:	Crystal Lester	Phone: 360-628-3960	Date: 03/04/2026
OFM Review:	Kate LaBelle	Phone: (360) 480-0270	Date: 03/05/2026

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.

House Finance Committee striking amendment H3724.1 compared to Engrossed Substitute Senate Bill 6346 does not make any changes resulting in a fiscal impact to the Department of Children, Youth, and Families.

Striking amendment compared to Engrossed Substitute: Makes a number of policy and technical changes, establishes an advisory group, among other changes.

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 criminal offenses do not specify they are specifically related to adult crimes. As a result, the new felony offense 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

Bill Number:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	310-Department of Corrections

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
General Fund-State 001-1	0	1,000	1,000	0	0
Total $	0	1,000	1,000	0	0

In addition to the estimates above, there are additional indeterminate costs 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:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	meliisa vining	Phone: 360-791-0201	Date: 03/04/2026
Agency Approval:	Greg Scott-Braaten	Phone: 360-789-0278	Date: 03/04/2026
OFM Review:	Kate LaBelle	Phone: (360) 480-0270	Date: 03/05/2026

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.

ESSB 6346 (S.E AMH FIN H3724.1) strikes everything after the enacting clause and replaces the underlying bill.

The following impacts remain unchanged from the previous bill version, ESSB 6346:

Section 601 (2) Adds a new section establishing a new Class C felony offense for any person who knowingly attempts to evade the tax imposed under this chapter.

Section 601 (3) 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 1202 adds a new section stating if a court of final jurisdiction invalidates section 201 of this act, sections 1 through 1003 and 1201 through 1208 of this act are null and void in its entirety.

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 updated bill language in ESSB 6346 (S.E AMH FIN H3724.1) does not change the previous fiscal impact assumptions to the Department of Corrections (DOC).

DOC assumes the fiscal impact of this bill has determinate costs of $1,000 in the 2025-27 biennium with additional indeterminate costs, assumed to be less than $50,000 per Fiscal Year (FY).

Customization of the Offender Management Network Information (OMNI) system is needed to meet the requirements of this legislation. Due to the complexity of completing the development, testing and implementation of the statutory changes, contracted services are necessary in FY 2027.

To implement this legislation, OMNI data tables need to be updated to RCW 9.94A.525 for technical corrections.

Cost Calculation Estimate:

IT Application Developer | $185 per hour x 4 hours = $740
IT Business Analyst | $185 per hour x 2 hours = $370
IT Quality Assurance| $185 per hour x 2 hours = $370
Total One-Time Costs in FY 2027 is $1,000 (rounded to the nearest thousand)

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

The Caseload Forecast Council (CFC) has no information concerning how many incidents of the newly established gross misdemeanor and unranked Class C felony offense may occur. As such, the CFC 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 offense 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 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

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	0	1,000	1,000	0	0
		Total $	0	1,000	1,000	0	0

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

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts		1,000	1,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	1,000	1,000	0	0

In addition to the estimates above, there are additional indeterminate costs 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:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	370-Eastern Washington University

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
General Fund-State 001-1	0	600	600	1,200	0
Total $	0	600	600	1,200	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Tammy Felicijan	Phone: (509) 359-7364	Date: 03/04/2026
Agency Approval:	Tammy Felicijan	Phone: (509) 359-7364	Date: 03/04/2026
OFM Review:	Ramona Nabors	Phone: (360) 742-8948	Date: 03/05/2026

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.

AMH FIN SB 6346 relates to establishing a tax on millionaires 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.

Beginning January 1, 2028, a tax is imposed on the receipt of Washington taxable income. Only individuals are subject to payment of the tax, which equals 9.90 percent multiplied by an individual's Washington taxable income. The legislature intends to limit the tax established by this act to only individuals with annual adjusted gross income of $1,000,000 or more.

This bill adds language that states in 2024, Washington counties were responsible for more than 90 percent of the costs associated with public defense in the state, creating a system of legal representation that varies greatly depending on where a person lives in Washington state. Furthermore, the Washington state supreme court's decision to modify caseload standards in 2025 will significantly increase the overall cost of providing public defense in Washington state. Through the creation and funding of the local government public defense stabilization account, the legislature intends to provide funding to help counties meet their obligations.

$150,000,000 per fiscal year must be deposited to the county public defense funding stabilization account created in section 711 of this act; and the remainder to the state general fund.

Seven percent of taxes collected must be deposited to the county public defense funding stabilization account created in section 711 of this act; and the remainder to the state general fund.

EWU doesn't have any employees of the university that make $1,000,000 annually. However, The AGO has projected one-time charges to EWU at $600 each year from FY2027 – FY2029. As such, EWU anticipates a fiscal impact of less than $50,000 for those three years.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

The AGO has projected one-time charges to EWU at $600 each year from FY2027 – FY2029.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	0	600	600	1,200	0
		Total $	0	600	600	1,200	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers		600	600	1,200	
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	600	600	1,200	0

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:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	375-Central Washington University

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
General Fund-State 001-1	0	600	600	1,200	0
Total $	0	600	600	1,200	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Alexa Orcutt	Phone: 5099632955	Date: 03/04/2026
Agency Approval:	Lisa Plesha	Phone: (509) 963-1233	Date: 03/04/2026
OFM Review:	Ramona Nabors	Phone: (360) 742-8948	Date: 03/05/2026

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.

The proposed 6346 SE AMH bill would increase state support for K–12 education, health care, higher education, essential governmental services, and the working families' tax credit, and to lowering certain sales, use, and business and occupation taxes by imposing an income-based tax on individuals making more than a million dollars per year.

CWU has no employees earning more than $1 million in compensation from the university as their sole employer. Also, CWU isn't responsible for setting, administering, or collecting the tax or fee revenue contained in this bill.

The Attorney General's Office has noted that they will charge CWU $600 for 0.1 AAG and 0.1 PL1 from FY2027-FY2029.

Thus, fiscal impact will be greater than zero but less than $50,000/year due to the AGO charging CWU for legal services.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

The Attorney General's Office has noted that they will be charging higher education institutions for legal services. The AGO will charge CWU $600 in FY27-29 for 0.1 AAG and 0.1 PL1.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	0	600	600	1,200	0
		Total $	0	600	600	1,200	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		600	600	1,200	
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	600	600	1,200	0

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:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	376-The Evergreen State College

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
General Fund-State 001-1	0	600	600	1,200	0
Total $	0	600	600	1,200	0

In addition to the estimates above, there are additional indeterminate costs 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:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Daniel Ralph	Phone: 360-867-6500	Date: 03/02/2026
Agency Approval:	Lisa Dawn-Fisher	Phone: 564-233-1577	Date: 03/02/2026
OFM Review:	Ramona Nabors	Phone: (360) 742-8948	Date: 03/05/2026

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.

ES SB 6346 relates to reducing certain sales and use taxes and establishing a new tax on millionaires.

Section 1003 is revised so that the repeal of the sales tax on the items listed below will take effect on January 1, 2029.

****

ES SB 6346 relates to reducing certain sales and use taxes and establishing a tax on millionaires.

Section 1001.3(i)(C)(1) would repeal the sales use tax on live presentations that was passed into effect in 2025.

Section 1002.3(b)(i) states that "digital automated service" does not include any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service. This is also a revision of the new sales and use tax legislation passed into effect in 2025.

Section 1002.3(b)(x) states that “digital automated service” does not include live presentations, such as lectures, seminars, workshops, or courses, where participants are connected to other participants via the internet or telecommunications equipment, which allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time.

Section 1004 states that the repeal of the sales taxes on the items listed above will take effect on January 1, 2030.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

The revision of the effective date of the repeal of the sale and use taxes on live presentations, etc. would reduce the total taxes paid due to the acceleration of the repeal, but the amount of the savings would still be indeterminate as a result of the conditions explained below. This revision does not change the billing estimates for legal services that we have received from the Attorney General’s Office.

****

The college expects to receive an indeterminate reduction in expenses, starting on January 30, 2030, as a result of the repeal of the sales and use tax provisions from 2025 as listed in the summary. The size of the reduction in expenditures depends on future purchasing behavior, which is difficult to predict four years in advance. But the college does expect the reduction to be less than $50,000 per year.

The Attorney General’s Office has indicated that in FY’s 27-29 they expect to bill the college $600 per year for legal services related to consultation on the legal ramifications of the bill.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	0	600	600	1,200	0
		Total $	0	600	600	1,200	0

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

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers		600	600	1,200	
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	600	600	1,200	0

In addition to the estimates above, there are additional indeterminate costs 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:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	380-Western Washington University

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
General Fund-State 001-1	0	600	600	1,200	0
Total $	0	600	600	1,200	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Gena Mikkelsen	Phone: 3606507412	Date: 03/04/2026
Agency Approval:	Anna Hurst	Phone: 360-650-3569	Date: 03/04/2026
OFM Review:	Ramona Nabors	Phone: (360) 742-8948	Date: 03/05/2026

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.

The amended version of Engrossed Substitute Senate Bill 6346 establishes a state tax on Washington adjusted gross income exceeding $1,000,000 beginning in tax year 2028, with a tax rate of 9.90 percent on income above the threshold. After statutory distributions, most revenue is deposited into the State General Fund to support state priorities, including higher education.

The amendments modify prior versions of the bill by creating an exclusion for nonresidents participating in the state as keynote speakers, panelists, or moderators; adjusting the repeal date of certain retail sales taxes on services; and revising provisions related to sales, use, and business and occupation (B&O) taxes.

Section 401 addresses allocation of income for taxation purposes for resident and nonresident individuals. This provision applies to individual taxpayers and does not impose administrative or operational requirements on Western Washington University (WWU). No fiscal impact is anticipated.

Section 407 establishes income allocation requirements for nonresident student athletes related to name, image, and likeness (NIL) compensation and certain athletic revenue sharing. Western Washington University participates in NCAA Division II athletics and does not operate major revenue-generating athletic programs. Any tax liability associated with these provisions is borne by individual student athletes. WWU does not anticipate administrative responsibilities or fiscal impact associated with this section.

Sections 1101–1103 provide tax exemptions related to live presentations and certain educational services. Based on Department of Revenue guidance indicating that higher education institutions are exempt when presentations align with institutional accreditation, WWU assumes these provisions do not create fiscal impact.

The bill may also affect individual employees or affiliates whose personal income exceeds the statutory threshold; however, any tax obligation is incurred by individuals and does not result in institutional costs.
Western Washington University may incur minimal administrative expenses associated with legal review and implementation support. The Office of the Attorney General (AGO) estimates charges for legal services of approximately $600 per institution, representing 0.1 FTE for an Assistant Attorney General and 0.1 FTE for a Paralegal 1. These costs are expected to be minimal.

The bill may increase state revenues available for legislative appropriation to higher education; however, any potential changes to state funding levels are uncertain and would not occur until after tax collections begin in 2029. Indirect funding effects are not assumed.

Overall, ESSB 6346 AMH does not create significant fiscal or operational impacts for Western Washington University and is assessed as minimal fiscal impact.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

The Office of the Attorney General (AGO) indicates that higher education institutions will be assessed charges for legal services totaling approximately $600, representing 0.1 FTE for an Assistant Attorney General and 0.1 FTE for a Paralegal

1. The fiscal impact is expected to be minimal; however, institutions identified as subject to AGO billing are typically included. The AGO has provided the estimated cost per institution below.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	0	600	600	1,200	0
		Total $	0	600	600	1,200	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits		600	600	1,200	
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	600	600	1,200	0

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:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	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:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Tina Swenson	Phone: 360 890 3500	Date: 03/03/2026
Agency Approval:	Lisa Henderson	Phone: 360-902-9291	Date: 03/03/2026
OFM Review:	Anna Minor	Phone: (360) 790-2951	Date: 03/05/2026

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.

Section 403 (2) - This section would require compensation for services performed both within and outside the state to be apportioned based on days worked.

The changes from the engrossed substitute version to the Finance committee amendments did not change the requirements of Section 403 or otherwise add impacts to the Employment Security Department, so there are no changes to ESD's assumptions.

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.

Section 403 - 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 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) 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.

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.

Individual State Agency Fiscal Note

Bill Number:	Title:	Agency:
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	699-Community and Technical College System

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
General Fund-State 001-1	0	600	600	1,200	0
Total $	0	600	600	1,200	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Preparation:	Stephanie Winner	Phone: 360-704-1023	Date: 03/03/2026
Agency Approval:	Stephanie Winner	Phone: 360-704-1023	Date: 03/03/2026
OFM Review:	Ramona Nabors	Phone: (360) 742-8948	Date: 03/05/2026

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.

The amended version of Engrossed Substitute Senate Bill 6346 establishes a state tax on Washington adjusted gross income exceeding $1,000,000 beginning in tax year 2028. The tax rate is 9.90% on income above the threshold. After limited statutory distributions, the majority of revenue is deposited into the State General Fund, with the intent of supporting state priorities including higher education.

The proposed amendments to Engrossed Substitute Senate Bill 6346 make a number of changes compared to prior versions. Specifically, the proposed amendments create an exclusion for nonresidents who participate in the state as keynote speakers, panelists, or moderators; modify the repeal date of certain retail sales taxes on services; and revise changes made in 2024 to certain sales, use, and B&O taxes. The relevant sections of this bill for the community and technical colleges are outlined below.

Section 401 clarifies the allocation of tax revenue to the state. Specifically, for resident individuals, all income must be allocated to Washington state. For non-resident individuals, income derived from sources within Washington state must be allocated to Washington state.

Section 407 requires that, for nonresident student athletes, the portion of adjusted gross income that results from the commercial use of the student athlete's name, image, or likeness is allocated to the state if that use primarily occurs in Washington. Likewise, the portion of adjusted gross income of nonresident student athletes that comes from a percentage of higher education institutions' athletic revenues must also be apportioned to the state.

Section 1101 adds exemptions for the taxation of live presentations, including for before and after school care and presentations given by nonprofits. Sections 1102 and 1103 create exemptions from certain taxes for K-12 schools, school districts, and educational service districts. The Department of Revenue issued guidance that higher education institutions are exempt from the tax on live presentations if those presentations are aligned with institutions' accreditation. We are assuming that this guidance still pertains and, as a result, these sections have no fiscal impact on community and technical colleges.

It is possible that this bill would result in additional revenue for the state, and therefore appropriations available for institutions. However, any changes to revenue and state appropriations to higher education institutions are highly uncertain and would not be realized until after taxes are due in 2029. As a result, they are not included here.

These changes do not modify the fiscal note for the bill.

ESSB 6346 relates to establishing a tax on millionaires 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.

Beginning January 1, 2028, a tax is imposed on the receipt of Washington taxable income. Only individuals are subject to payment of the tax, which equals 9.90 percent multiplied by an individual's Washington taxable income. The legislature intends to limit the tax established by this act to only individuals with annual adjusted gross income of $1,000,000 or more.

This bill adds language that states in 2024, Washington counties were responsible for more than 90 percent of the costs associated with public defense in the state, creating a system of legal representation that varies greatly depending on where a person lives in Washington state. Furthermore, the Washington state supreme court's decision to modify caseload

standards in 2025 will significantly increase the overall cost of providing public defense in Washington state. Through the creation and funding of the local government public defense stabilization account, the legislature intends to provide funding to help counties meet their obligations.

Seven percent of taxes collected must be deposited to the county public defense funding stabilization account created in section 711 of this act; and the remainder to the state general fund.

The AGO has projected one-time charges to the State Board for Community and Technical colleges at $600 each year from FY2027 through FY2029. As such, SBCTC anticipates a fiscal impact of less than $50,000 for those three years only.

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 cash receipts 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.

The AGO has projected one-time charges to the State Board for Community and Technical colleges at $600 each year from FY2027 through FY2029 only.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	0	600	600	1,200	0
		Total $	0	600	600	1,200	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		600	600	1,200	
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	600	600	1,200	0

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 capital budget 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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number:	6346 SB 6346-S.E AMH FIN H3724.1	**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		(5,321,448)	(5,321,448)	(33,606,524)	(206,224,732)
County		(6,713,534)	(6,713,534)	73,678,051	(28,020,920)
Special District		(5,686,017)	(5,686,017)	(51,936,528)	(252,408,347)
TOTAL $		(17,720,999)	(17,720,999)	(11,865,001)	(486,653,999)
GRAND TOTAL $					(516,239,999)

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 03/04/2026
Leg. Committee Contact: Tracey Taylor	Phone: 360-786-7152	Date: 02/27/2026
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/04/2026
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 03/05/2026

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM PREVIOUS BILL VERSION

This house amendment AMH FIN H3724.1:

- changes the amount of funds the local government public defense funding stabilization account receives from 7% of the total amount collected to $150,000,000,
- makes changes to different elements of the tax on millionaires that impact state collected revenue amounts,
- exempts diapers from retail sales and use taxes,
- exempts from retail sale certain before and after school care provided in-person and on-site by elementary schools, and presentations given by a nonprofit organization that are exempt from federal income tax,
- creates sales and use tax exemptions for sales of certain retail services (including: Information technology services; custom website development; investigation, security, and armored car services; temporary staffing; and custom software and customization of prewritten software) when sold to kindergarten through 12th grade (K-12) schools, school districts, and educational service districts,
- allows wholesalers to deduct income from sales of food to grocery stores, and
- removes the section that expired a B&O surcharge on taxable amounts of $250 million at the end of 2028.

SUMMARY OF CURRENT BILL VERSION

PART 1-8

- 101 – 102: creates definitions for the new tax on millionaires and deems other undefined terms to be in conformity with the Internal Revenue Code.
- 201: sets millionaire tax rates
- 202: describes distributions: tax revenues will be distributed as follows: a) $150,000,000 to county public defense funding stabilization account, b) and the remainder (about 95%) to the state general fund. Interest and penalties will be deposited into the state general fund.
- 203: describes credits that apply to millionaire taxes due.
- 204: describes credit for business and occupation and public utility taxes
- 205: describes credit for Washington Capital Gains taxes.
- 206: describes credits for pass-through entity tax payments.
- 301 – 315: describes how adjusted gross income will be calculated.
- 401 – 407: describes rules regarding the division of income.
- 501 – 502: describes estimated tax payments and pass-through entity tax election.
- 601: describes crimes regarding failure to pay.
- 701 – 713: describes administrative provisions and Local Government Public Defense Funding Stabilization Account distributions (sec 711).
- 801-814: describes application of tax to public pensions.

PART 9

- 901 – 908: describes changes to the tax relief program.
- 903-904: create a sales and use tax exemption on the sale of grooming and hygiene products.
- 905-906: create a sales and use tax exemption on the sale of diapers beginning 1/1/29.
- 907-908: increases the B&O tax filing threshold to $250,000 and increases the maximum monthly small business credit to $375 for service businesses and $125 for all other businesses.

PARTS 10-11: exempts from sales and use taxes: a) certain specified services: live presentations (schools, nonprofits), b) certain purchases made by schools, c) income attributable to wholesale sales of food and food ingredients sold by wholesalers to retailers not under common ownership from the business and occupation tax 0.5 percent surcharge.

PART 12: 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.

CHANGES FROM PREVIOUS BILL VERSION
This engrossed substitute bill does not alter the previous analysis of expenditure impacts.

SUMMARY OF CURRENT BILL'S LOCAL EXPENDITURE 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.

CHANGES FROM PREVIOUS BILL VERSION
This house amendment AMH FIN H3724.1:
- decreases the amount of revenue cities and counties will receive from the Public Defense Stabilization Account and increases the share the state will receive (beginning in FY 2029). This revenue gain offsets some of the losses from S&U tax exemptions for counties and cities, but not for special districts.
- decreases the amount of revenue local governments will receive from local sales and use tax revenues by creating additional sales and use tax exemptions on diapers, certain sales for schools, and certain wholesalers sales. These losses begin in FY 2027.

SUMMARY OF CURRENT BILL'S REVENUE IMPACTS
COUNTY PUBLIC DEFENSE FUNDING STABILIZATION ACCOUNT
The public defense funding stabilization (CPDFS) account will receive $150,000,000 annually from the millionaire tax revenues collected. This is roughly 4-5% of the total. Ten percent to cities on a pro rata basis, based upon the annual number of misdemeanor criminal cases filed in courts under each city's jurisdiction, as determined by the office of public defense. The remaining 90% to counties as follows:
a) Six percent shall be distributed as a base allocation among the counties. A county's base allocation is defined and
b) 94 percent will be distributed as follows: (A) 40 percent shall be distributed on a pro rata basis to each county based on the county's personal income ratio, and (B) 60 percent shall be distributed on a pro rata basis to each county based upon the annual number of criminal cases filed in the county superior court as a percentage of the total annual number of criminal cases filed in the superior courts of all counties.

COUNTIES
FY 2029 - $150,000,000 * 0.90 = $135,000,000
FY 2030 - $150,000,000 * 0.90 = $135,000,000
FY 2031 - $150,000,000 * 0.90 = $135,000,000

CITIES
FY 2029 - $150,000,000 * 0.10 = $ 15,000,000
FY 2030 - $150,000,000 * 0.10 = $ 15,000,000
FY 2031 - $150,000,000 * 0.10 = $ 15,000,000

S&U TAX EXEMPTIONS - PART 9-11
According to the Dept of Revenue, this bill decreases local government revenues by an estimated $17.9 million in fiscal year 2027, and by $22.3 million in fiscal year 2028. These amounts are a consolidation of sales and use tax exemption losses. It is unknown what each exemption's loss amounts to.

COUNTIES
FY 2027 - $(6,713,534)
FY 2028 - $(8,363,789)
FY 2029 - $(52,958,160)

FY 2030 - $(146,460,067)
FY 2031 - $(151,560,853)

CITIES
FY 2027 -$(5,321,448)
FY 2028 -$(6,629,514)
FY 2029 -$(41,977,010)
FY 2030 -$(116,090,810)
FY 2031 -$(120,133,922)

SPECIAL DISTRICTS
FY 2027 -$(5,686,017)
FY 2028 -$(7,083,698)
FY 2029 -$(44,852,830)
FY 2030 -$(124,044,122)
FY 2031 -$(128,364,225)

The distributions of the revenue decreases from Parts 9 - 11 of this bill 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.

SOURCES
Department of Revenue Fiscal Note
Department of Revenue Local Tax Distributions

Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
6346 SB 6346-S.E AMH FIN H3724.1	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	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
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Office of Attorney General	0	0	0	0	0	0	0	0	0	0	0
Caseload Forecast Council	0	0	0	0	0	0	0	0	0	0	0
Department of Retirement Systems	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	-40,868,000	-46,577,000	2,403,393,000	3,356,690,000	2,752,570,000	2,870,830,000	3,000,500,000	3,138,470,000	3,204,640,000	0,639,648,000
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
Eastern Washington University	0	0	0	0	0	0	0	0	0	0	0
Central Washington University	0	0	0	0	0	0	0	0	0	0	0
The Evergreen State College	0	0	0	0	0	0	0	0	0	0	0
Western Washington University	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
Community and Technical College System	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**-40,868,000**	**-46,577,000**	**2,403,393,000**	**3,356,690,000**	**2,752,570,000**	**2,870,830,000**	**3,000,500,000**	**3,138,470,000**	**3,204,640,000**	**0,639,648,000**

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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

Agency Preparation: Chris Conn	Phone: 360-704-5512	Date: 3/2/2026 2:23:38 pm
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 3/2/2026 2:23:38 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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: Geoffrey Hulsey	Phone: 360-586-3164 147	Date: 3/3/2026 10:43:19 am
Agency Approval: Sophia Byrd McSherry	Phone: 360-586-3164	Date: 3/3/2026 10:43:19 am
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	090 Office of State Treasurer

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: Dan Mason	Phone: (360) 902-8990	Date: 3/4/2026 4:19:27 pm
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 3/4/2026 4:19:27 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	100 Office of Attorney General

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: Amy Flanigan	Phone: 509-456-3123	Date: 3/4/2026 3:52:00 pm
Agency Approval: Leah Snow	Phone: 360-968-4620	Date: 3/4/2026 3:52:00 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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

☐ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Agency Preparation: Clela Steelhammer	Phone: 360-664-9381	Date: 3/2/2026 9:23:29 am
Agency Approval: Clela Steelhammer	Phone: 360-664-9381	Date: 3/2/2026 9:23:29 am
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	124 Department of Retirement Systems

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: Amy McMahan	Phone: 360-664-7307	Date: 3/4/2026 6:45:35 pm
Agency Approval: Marcus Ehrlander	Phone: 360-664-7303	Date: 3/4/2026 6:45:35 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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		500,000	300,000	26,300,000	29,100,000	39,100,000	42,400,000	45,900,000	48,700,000	53,700,000	286,000,000
Business and Occupation Tax	24J		1,100,000	1,200,000	46,500,000	113,900,000	118,100,000	122,500,000	127,100,000	131,800,000	136,700,000	798,900,000
Total Business and Occupation Tax			**1,600,000**	**1,500,000**	**72,800,000**	**143,000,000**	**157,200,000**	**164,900,000**	**173,000,000**	**180,500,000**	**190,400,000**	**1,084,900,000**
Retail Sales Tax	001		(42,400,000)	(47,300,000)	(360,300,000)	(824,100,000)	(852,900,000)	(882,800,000)	(913,700,000)	(945,700,000)	(978,900,000)	(5,848,100,000)
Retail Sales Tax	218			(700,000)	(6,500,000)	(12,860,000)	(13,380,000)	(13,810,000)	(14,340,000)	(14,770,000)	(15,300,000)	(91,660,000)
Retail Sales Tax	553		(68,000)	(77,000)	(607,000)	(1,350,000)	(1,350,000)	(1,460,000)	(1,460,000)	(1,560,000)	(1,560,000)	(9,492,000)
Total Retail Sales Tax			**(42,468,000)**	**(48,077,000)**	**(367,407,000)**	**(838,310,000)**	**(867,630,000)**	**(898,070,000)**	**(929,500,000)**	**(962,030,000)**	**(995,760,000)**	**(5,949,252,000)**
Tax on Income	001				2,548,000,000	3,902,000,000	3,313,000,000	3,454,000,000	3,607,000,000	3,770,000,000	3,860,000,000	24,454,000,000
Tax on Income	NEW				150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	1,050,000,000
Total Tax on Income					**2,698,000,000**	**4,052,000,000**	**3,463,000,000**	**3,604,000,000**	**3,757,000,000**	**3,920,000,000**	**4,010,000,000**	**25,504,000,000**
Total			**(40,868,000)**	**(46,577,000)**	**2,403,393,000**	**3,356,690,000**	**2,752,570,000**	**2,870,830,000**	**3,000,500,000**	**3,138,470,000**	**3,204,640,000**	**20,639,648,000**

Biennial Totals	**(40,868,000)**	**2,356,816,000**	**6,109,260,000**	**5,871,330,000**	**6,343,110,000**	**20,639,648,000**

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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 House amendment AMH FIN H3724.1 to ESSB 6346, 2006 Legislative Session.

COMPARISON OF THE STRIKING AMENDMENT WITH THE ENGROSSED SUBSTITUTE BILL:
The striking amendment:
- Changes the intent section.
- Section 202: Changes the amount of funds the local government public defense funding stabilization account receives from 7% to $150,000,000.
- Section 308: Adds a new section that clarifies the treatment of income received by members of federally recognized Indian tribes reserved by treaty, Executive Order, or an Act of Congress.
- Section 311: Adds a new section that creates a taxable income deduction equal to 90% of Washington allocated wagering losses for the tax year.
- Section 401: Adds wagering losses to the types of income that must be allocated to Washington. This section also excludes income earned by a nonresident participating as a keynote speaker, panelist, presenter, moderator, or similar role at a convention, trade show, or business event held in this state, if the individual meets certain requirements.
- Section 712: Adds a new section making income tax refunds held by the department subject to collection by DSHS for past due child support. The section also authorizes the department rulemaking authority and for the department and DSHS to enter into a data-sharing agreement for exchanging child support-related data to administer the income tax effectively.
- Section 713: Adds a new section that creates an advisory group to assist the Department of Revenue (department) in the implementation of the act.
- Section 813: Adds a new section that specifies that pensions and certain other income are not exempt from qualified income.
- Sections 905-906: Adds a new section to exempt diapers from retail sales and use taxes.
- Section 1101: “Live presentations” for the purposes of retail sales tax do not include before and after school care provided in-person and on-site by elementary schools, presentations given by a nonprofit organization exempt from federal income tax under Title 26 U.S.C. Sec. 501(c) of the federal internal revenue code.
- Section 1102-1103: Creates a sales and use taxes exemptions for sales of certain retail services when sold to kindergarten through 12th grade (K-12) schools, school districts, and educational service districts. The following retail services are exempt from sales and use taxes: Information technology services; custom website development; investigation, security, and armored car services; temporary staffing; and custom software and customization of prewritten software.
- Section 1104: Wholesale sales of food and food ingredients are exempt from the high-grossing business surcharge when the food sold is either not manufactured by a company affiliated with the wholesaler or sold to a grocery store not affiliated with the wholesaler.
-The section expiring the B&O surcharge on taxable amounts of $250 million on 12/31/2028 was removed.

CURRENT LAW:

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

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT
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 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 GROOMING AND HYGIENE PRODUCTS AND DIAPERS
Grooming and hygiene products, as well as diapers, are generally subject to retail sales and use taxes.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD
Businesses owing B&O taxes may be eligible for the small business credit (SBC).

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

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.

PART X CHAPTER 422, LAWS OF 2025
Generally, retail sales and retailing business and occupation (B&O) taxes are due on sales of:
- Tangible personal property when sold to the consumer.
- Digital products, including digital goods and digital automated services (DAS).
- Services defined as retail services.

If a business does not pay retail sales tax on a retail sale, it must pay use tax based on the value of tangible personal property, digital product, or retail service.

Some services do not qualify as digital automated services, which means those sales do not count as retail sales.

The General Fund receives deposits from retail sales, retailing B&O, and uses tax collections, except for specific cases of retail sales tax:
- The Performance Audit Account receives 0.16% of the retail sales and taxes collected.
- Starting July 1, 2027, the Multimodal Account will receive a transfer of 1% of the selling price or value from retail sales and use taxes.

PART XI CLARIFYING APPLICABILITY OF RECENT CHANGES TO SALES AND USE TAXES AND BUSINESS AND OCCUPATION TAXES
Generally, retail sales and retailing B&O taxes are due on sales of:
- Tangible personal property when sold to the consumer.
- Digital products, including digital goods and digital automated services (DAS).
- Services defined as retail services.

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

If a retail sale does not include payment of retail sales tax, the buyer must pay use tax on the value of the tangible personal property, digital product, or retail service.

Certain services are excluded from the definition of digital automated service; such sales are not retail sales.

The General Fund receives deposits from retail sales, retailing B&O, and use tax collections, except for specific exceptions related to retail sales tax:
- The Performance Audit Account receives 0.16% of the retail sales and taxes collected.
- Starting July 1, 2027, the Multimodal Account will receive 1% of the selling price or value from retail sales and use taxes.

An additional 0.5% B&O surcharge applies to high-grossing businesses. A high-grossing business is one with taxable income exceeding $250 million, subject to certain exclusions.

The B&O surcharge expires on December 31, 2029.

PROPOSAL:

PART I THROUGH PART VIII: TAX ON INCOME
This bill creates a new tax on Washington taxable income. The tax equals 9.90% of 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 Local Government Public Defense Funding Stabilization Account receives $150 million of the tax collected under this bill. The General Fund receives the remainder. This bill specifies how the state treasurer distributes funds from the Local Government Public Defense Funding Stabilization Account to local jurisdictions on a quarterly basis.

A taxpayer computes the amount of Washington base income by making the following adjustments:
- Income excluded from federal adjusted gross income (AGI), including certain income received by members of federally recognized Indian tribes, also remains excluded from their Washington base income unless the proposals specifically include it in the adjusted gross income modifications.
- Federal long-term capital gains and losses must be excluded from their federal AGI. Washington capital gains must be added to their federal AGI, plus the amounts deducted under the Washington capital gains standard deduction.
- 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 AGI, must be added to their federal AGI.

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

- Any taxes that have been deducted for federal purposes, but for which either a B&O 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.
- Amounts deposited in a capital construction fund for vessel improvements or acquisition (IRC section 7518) may be deducted from their Washington base income if the amount reduces their federal taxable income.
- Income from nongrantor trust must be added to their federal AGI if the trust was funded by the taxpayer with an incomplete gift under IRC section 2511.

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 when calculating their Washington taxable income, provided they are included in their federal AGI.

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 state-registered 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 IRC section 170. The maximum deduction is $100,000 per individual; for spouses or domestic partners, the combined maximum is $100,000, 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.

WAGERING LOSSES:
Taxpayers may deduct from their Washington base income up to 90% of Washington-sourced gambling losses. No carry forward is allowed.

ALLOCATION AND APPORTIONMENT:

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

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

NON-RESIDENT ALLOCATION AND APPORTIONMENT:
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.
- Short-term capital gains and losses from the sale of real property are allocated to Washington if the real property is located in Washington.
- Short-term 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.
- Short-term 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.
- Income earned by a nonresident keynote speaker, panelist, presenter, moderator, or similar role at a convention trade show or business event held in Washington may be excluded from their Washington taxable income.

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 shall include their distributive share of entity's income, gains, losses, deductions and claim credits for the portion of the year in which the individual was a Washington resident.

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.

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

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.

By January 1, 2028, the department is tasked with submitting proposed legislation to the Legislature that would implement an apportionment methodology that can be used to identify the portion of adjusted gross income of a nonresident student athlete derived from payments by an institution of higher education representing a percentage of institutional athletic revenues that would be apportioned to Washington in a form and manner consistent with a 31 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 equals 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 their Washington capital gains taxes.

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. The credit may not be carried forward or backward to other tax years.

PASS-THROUGH ENTITIES:
Pass-through entities may choose, by filing an election, to pay the tax as an entity rather than their owners including their distributive share of the pass-through entities' income, gains, losses, and deductions in the calculation of the Washington base income. Entities must make the election annually, and they must do so by June 15th of the year taxes are paid. The owners may choose not to participate in the election.

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

The pass-through entity's taxable income is determined by applying a pro rata share of net income, gain, loss, and deduction that would apply to the owners individually. Each owner of the pass-through entity receives a credit equal to their pro rata 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. If a taxpayer has obtained an extension of time to file their federal income tax return, they are entitled to the same extension for their state return, but not for paying the tax due.

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.

The Legislature intends for the department to spend appropriated amounts to implement the tax regardless of litigation.

This bill establishes an advisory group to assist the department in implementing this act. After July 1, 2026, the advisory group will meet regularly to provide input on implementing this act and to offer recommendations for its administration. By December 15, 2026, the department must provide a preliminary report on the recommendec changes identified during the advisory group's initial phase. The department must provide a final report of recommendations related to the administration of the tax by December 15, 2027.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT
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 GROOMING AND HYGIENE PRODUCTS
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

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

whether the items meet the definition of over-the-counter drugs (RCW 82.08.0281).

SALES AND USE TAXES EXEMPTION DIAPERS
Retail sales and use taxes do not apply to the sales or use of diapers.

"Diapers" means absorbent garments worn by humans who are incapable of, or have difficulty, controlling their bladder or bowel movements.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD
Increase the B&O tax filing threshold to $250,000 and increase the maximum monthly SBC to $375 for service businesses and $125 for all other businesses.

PART X CHAPTER 422, LAWS OF 2025
Part X removes the following services from the definition of retail sales:
- Information technology training services, technical support, and other services, including, but not limited to, assisting with network operations and support, help desk services, in-person training related to hardware or software, network system support services, data entry services, and data processing services.
- Custom website development services.
- Investigation, security services, security monitoring services, and armored car services, including, but not limited to, background checks, security guard and patrol services, personal and event security, armored car transportation of cash and valuables, and security system services and monitoring.
- Temporary staffing.
- Live presentations, including, but not limited to, lectures, seminars, workshops, or courses where participants attend either in-person or via the internet or telecommunications equipment that allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time.
- Sales of custom software and customization of prewritten computer software to a consumer.
- Digital automated services that primarily involve the application of human effort by the seller, and the human effort originated after the customer requested the service.
- Digital automated data processing services.

Sellers of such sales pay B&O tax under the service and other activities B&O tax classification.

The service and other activities tax classification has three tax rates:
- 1.5% for a business with any of the following:
    - Taxable service and other activities of $1 million or less.
    - Paying the workforce education investment surcharge.
    - That is a hospital.
- 1.75% when taxable service and other activities if more than $1 million but less than $5 million.

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	140 Department of Revenue

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Narrative Explanation (Required for Indeterminate Cash Receipts)

- 2.1% when taxable service and other activities is more than $5 million.

The Workforce Education Investment Account (WEIA) receives 14.3% of the tax collected from the 1.75% and 2.1% rates. The General Fund receives all other tax collections from the service and other activities tax classification.

Income taxable under the service and other activities B&O tax classification may also be subject to the additional tax on specified financial institutions (RCW 82.04.29004) or the workforce education investment surcharge (RCW 82.04.299).

Except for the tax performance statement in section 902, the new tax preference performance provisions do not apply to this bill (see sections 1105 and 1205).

PART XI CLARIFYING APPLICABILITY OF RECENT CHANGES TO SALES AND USE TAXES AND BUSINESS AND OCCUPATION TAXES

SECTION 1101
This section excludes the following from the definition of "live presentations" and thus, from the definition of a retail sale:
- Before and after-school programs provided by elementary schools.
- Programs provided by nonprofits.

Sellers of such sales pay B&O tax under the service and other activities B&O tax classification.

The service and other activities B&O tax are:
- 1.5% if the business's taxable service and other activities income is less than $1 million in the prior year.
- 1.75% if the business's taxable service and other activities income is between $1 million and $5 million in the prior year.
- 2.1% if the business's taxable service and other activities income is $5 million or more in the preceding calendar year.

The General Fund receives most B&O taxes. One exception is the tax collected from the 1.75% and 2.1% service and other activities B&O tax rates; the Workforce Education Investment Account (WEIA) receives 14.3% of those taxes.

SECTIONS 1102 AND 1103
These sections create sales and use taxes exemptions for sales of certain retail services when sold to kindergarten through 12th grade (K-12) schools, school districts, and educational service districts.

The following retail services are exempt from sales and use taxes:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	140 Department of Revenue

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Narrative Explanation (Required for Indeterminate Cash Receipts)

- Information technology services.
- Custom website development.
- Investigation, security, and armored car services.
- Temporary staffing.
- Custom software and customization of prewritten software.

Live presentations are exempt from retail sales tax.

Sellers making tax-exempt sales must obtain and keep the buyer's exemption certificate.

The new tax preference performance provisions do not apply (see section 1105).

SECTION 1104
Wholesale sales of food and food ingredients are exempt from the high-grossing business surcharge when the food sold is either:
- Not manufactured by a company affiliated with the wholesaler.
- Sold to a grocery store not affiliated with the wholesaler.

SECTION 1107
If any of the income tax or tax relief provisions in sections 1 through 908 of this bill are held invalid, the application of the provisions in sections 1101 through 1106 are not affected.

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

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
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

Ten-Year Analysis

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Narrative Explanation (Required for Indeterminate Cash Receipts)

April 2029. The first estimated payments are due in July of 2029.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT
These sections take effect January 1, 2029. No refunds may be provided for any period before January 1, 2028.

SALES AND USE TAXES EXEMPTION GROOMING AND HYGIENE PRODUCTS
These sections take effect 90 days after the final adjournment of the session, but the changes go into effect January 1, 2029.

SALES AND USE TAXES EXEMPTION DIAPERS
These sections take effect 90 days after the final adjournment of the session, but the changes go into effect January 1, 2029.

PART X CHAPTER 422, LAWS OF 2025
This part takes effect on January 1, 2029.

PART XI CLARIFYING APPLICABILITY OF RECENT CHANGES TO SALES AND USE TAXES AND BUSINESS AND OCCUPATION TAXES
These sections take effect on July 1, 2026.

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.
- Washington-sourced gambling losses are 72% of Washington-sourced gambling winnings reported to the IRS.
- 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.

Ten-Year Analysis

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6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	140 Department of Revenue

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Narrative Explanation (Required for Indeterminate Cash Receipts)

- Carry-forward capital 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.
- Exclusion of certain income received by tribal members has a negative but indeterminate revenue impact due to data limitations.
- Income earned from nonresident speakers in Washington has a negative but indeterminate revenue impact 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 Local Government Public Defense Funding Stabilization Account receives the first $150 million of the tax collected each fiscal year under this bill. The General Fund receives the remainder.
- NEW Account = Local Government Public Defense Funding Stabilization Account.
- NEW Source = Tax on Income.

PART IX TAX RELIEF

WORKING FAMILIES' TAX CREDIT
- This legislation has no revenue impact on taxes administered by the department.

SALES AND USE TAXES EXEMPTION GROOMING AND HYGIENE PRODUCTS
- Annual growth rates reflect the growth in the Statista data.
- Washington's population is 2.34% of the U.S. population.
- 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 with compacts and local governments may decrease.
- 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.
- This proposal takes effect January 1, 2029, and impacts five months of state collections and four months of local collections in fiscal year 2029.

SALES AND USE TAXES EXEMPTION DIAPERS

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

- Revenues assume there are no violations of the Streamlined Sales and Use Tax Agreement (SSUTA); however, SSUTA requires exempted items to be defined in Part II or Part III (B) of the Library of Definitions.
- Annual growth rates for diapers reflect the growth in the Statista data.
- The Washington population is 2.3% 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 with compacts and local governments may decrease.
- This proposal takes effect January 1, 2029, and impacts five months of state collections and four months of local collections in fiscal year 2029.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD
- 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.

PART X CHAPTER 422, LAWS OF 2025
- The Department of Revenue (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 revenue impacts for the state and a two-month delay for local jurisdictions.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- This legislation takes effect January 1, 2029, and impacts five months of state collections and four months of local collections in fiscal year 2029.
- 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 with compacts and local governments may decrease.

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	140 Department of Revenue

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Narrative Explanation (Required for Indeterminate Cash Receipts)

- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 taxable B&O forecast.
- This estimate calculates service and other activities business and occupation tax impacts using an effective tax rate of 1.93%. Of this total, the Workforce Education Investment Account will receive 11.9%.
- The tax impact for the DAS exclusion for human effort is indeterminate.
- Approximately 25% of software sold is custom software.
- Approximately 10% of temporary staffing services are provided to hospitals.
- Approximately 60% of events considered live presentations are held in person.
- Approximately 30% of a company's transactions are to affiliates.

PART XI, EXEMPT BEFORE AND AFTER SCHOOL CARE AND PROGRAMS PROVIDED BY NONPROFITS FROM LIVE PRESENTATIONS SUBJECT TO RETAIL SALES TAX

- The Department of Revenue (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 revenue impacts for the state and a two-month delay for local jurisdictions
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- Currently, tribes with compacts receive a share of state sales and use taxes and certain B&O 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 with compacts and local governments may decrease.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 consumer price index forecast.
- This legislation takes effect July 1, 2026, and impacts 11 months of state collections and 10 months of local collections in fiscal year 2027.

PART XI, SALES AND USE TAXES EXEMPTION FOR SCHOOLS, SCHOOL DISTRICTS, AND EDUCATIONAL SERVICE DISTRICTS

- Live presentations are not subject to use tax; therefore, only a retail sales tax exemption is provided in this proposal.
- The majority of temporary hiring done by schools is direct. This estimate assumes that 1% of temporary hiring expenses are for the purchase of temporary staffing services from employment agencies.
- This estimate assumes the following percentages for qualifying exempt sales and use taxes expenses:
  - 14% of professional services expenses are related to investigation, security services, and security monitoring.
  - 25% of computer and technology software, hardware, and services expenses identified are related to custom website design, support, and development services, and information technology-related training services, and technical support.
  - 25% of software purchases are of custom software and/or customization of prewritten software.
- The estimated private school costs use a public school per-pupil cost and apply that cost to private school enrollment totals.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 consumer price index forecast.
- 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

Ten-Year Analysis

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Narrative Explanation (Required for Indeterminate Cash Receipts)

governments may also receive a portion of state sales and use taxes. Under this legislation, the amount of revenue shared with tribes with compacts and local governments may decrease.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- The Department of Revenue (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 revenue impacts for the state and a two-month delay in revenue impacts for local jurisdictions.
- This legislation is effective on July 1, 2026, and impacts 11 months of state collections and 10 months of local collections in fiscal year 2027.

ALLOW WHOLESALERS TO DEDUCT INCOME FROM SALES OF FOOD TO GROCERY STORES
- This proposal takes effect July 1, 2026, and impacts 11 months of collections in fiscal year 2028. The majority of collections within a given calendar year happen between July and December.
- Approximately 25% of food sold by grocery distributors is manufactured by an affiliated company.
- The annual growth rate reflects the Economic and Revenue Forecast Council’s November 2025 B&O forecast.
- 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.
- Deductions taken on the excise tax returns for exempt food, prescription drugs, and motor vehicle fuel sales are used to estimate the amount of such sales.
- Taxpayers who owe the B&O surcharge must file excise tax returns monthly.
- This proposal is estimated to impact six grocery wholesalers.

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
- National Library of Medicine, "US Taxation of Gambling Winnings and Incentives to Bet"
- U.S. Census Bureau, US and Washington Population
- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, November 2025 forecast
- U.S. Department of Agriculture. (July 23, 2025). Retailing & Wholesaling - Wholesaling. https://www.ers.usda.gov/topics/food-markets-prices/retailing-wholesaling/wholesaling
- Statista, Baby Diapers Market Insights
- Statista, Incontinence Market Insights

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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)

- Statista, Beauty & Personal Care Market Data & Analysis
- Department of Ecology, Oil Refinery data
- U.S. Bureau of Economic Analysis, "Gross Domestic Product By State and Personal Income by State, 3rd Quarter 2025" news release (2026, January 23). https://www.bea.gov/news/2026/gross-domestic-product-state-and-personal-income-state-3rd-quarter-2025
- Employment Security Department, Labor market data (Retrieved January 28, 2026)
- Bryan Reynolds (2021, August 9). What Percent of Companies Use Custom Software: How to Know if Your Company Requires It. Baytechconsulting.com. https://www.baytechconsulting.com/blog/how-to-know-if-your-company-requires-custom-software
- 3 Steps to Taming Intercompany Accounting. (2020, October 21) Netsuite.com. Retrieved January 29, 2026 from https://www.netsuite.com/portal/resource/articles/accounting/3-steps-to-taming-intercompany-accounting.shtml
- Washington Office of Superintendent of Public Schools, 2024-25 Table 4: General Fund Expenditures by NCES Code
- Washington Office of Superintendent of Public Schools, 2024-25 ESD Expenditures and Revenues
- Washington Office of Superintendent of Public Schools Report Card (accessed December 20, 2025)
- Washington State Board of Education, 2024-25 Private School Enrollment Number (accessed December 20, 2025)
- Kelly Services Inc., 2024 10-K report
- Young, Scott. (November 18, 2025). IT Budget Planning for 2026: What Business Owners Can't Afford to Ignore. https://penncomp.com/it-budget-planning-2026-businesses/
- Bryan Reynolds (2021, August 9). What Percent of Companies Use Custom Software: How to Know if Your Company Requires It. Baytechconsulting.com. https://www.baytechconsulting.com/blog/how-to-know-if-your-company-requires-custom-software
- Seattle Convention Center, 2024 Event data

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):

FY 2026 -	$ 0
FY 2027 -	($ 40,868)
FY 2028 -	($ 46,577)
FY 2029 -	$ 2,403,393
FY 2030 -	$ 3,356,690
FY 2031 -	$ 2,752,570

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

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	140 Department of Revenue

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Narrative Explanation (Required for Indeterminate Cash Receipts)

FY 2026 -	$ 0
FY 2027 -	($ 17,900)
FY 2028 -	($ 22,300)
FY 2029 -	($ 141,200)
FY 2030 -	($ 390,500)
FY 2031 -	($ 404,100)

Agency Preparation: Erin Valz	Phone: 360-534-1522	Date: 3/3/2026 5:50:45 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 3/3/2026 5:50:45 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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: 3/4/2026 4:17:15 pm
Agency Approval: Crystal Lester	Phone: 360-628-3960	Date: 3/4/2026 4:17:15 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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: 3/4/2026 3:07:11 pm
Agency Approval: Greg Scott-Braaten	Phone: 360-789-0278	Date: 3/4/2026 3:07:11 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	370 Eastern Washington University

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: Tammy Felicijan	Phone: (509) 359-7364	Date: 3/4/2026 1:55:14 pm
Agency Approval: Tammy Felicijan	Phone: (509) 359-7364	Date: 3/4/2026 1:55:14 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	375 Central Washington University

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: Alexa Orcutt	Phone: 5099632955	Date: 3/4/2026 4:13:08 pm
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 3/4/2026 4:13:08 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	376 The Evergreen State College

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

Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 3/2/2026 2:44:28 pm
Agency Approval: Lisa Dawn-Fisher	Phone: 564-233-1577	Date: 3/2/2026 2:44:28 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	380 Western Washington University

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: Gena Mikkelsen	Phone: 3606507412	Date: 3/4/2026 9:03:21 am
Agency Approval: Anna Hurst	Phone: 360-650-3569	Date: 3/4/2026 9:03:21 am
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	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: 3/3/2026 2:20:13 pm
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 3/3/2026 2:20:13 pm
OFM Review:	Phone:	Date:

Ten-Year Analysis

Bill Number	Title	Agency
6346 SB 6346-S.E AMH FIN H3724.1	Tax on millionaires	699 Community and Technical College System

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: Stephanie Winner	Phone: 360-704-1023	Date: 3/3/2026 12:21:01 pm
Agency Approval: Stephanie Winner	Phone: 360-704-1023	Date: 3/3/2026 12:21:01 pm
OFM Review:	Phone:	Date: