

Multiple Agency Fiscal Note Summary

Bill Number: 6346 E S SB PL	Title: Tax on millionaires
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	0	0	0	0	0	0	(321,500,000)	(321,500,000)	0
Office of Attorney General	0	0	160,000	0	0	294,000	0	0	1,173,000
Department of Revenue	(47,600,000)	(46,400,000)	(46,478,000)	2,261,280,000	2,309,180,000	2,301,010,000	5,140,110,000	5,372,110,000	5,342,629,000
Department of Social and Health Services	0	0	271,000	0	0	143,000	0	0	0
Department of Social and Health Services	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	(47,600,000)	(46,400,000)	(46,047,000)	2,261,280,000	2,309,180,000	2,301,447,000	4,818,610,000	5,050,610,000	5,343,802,000

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Loc School dist-SPI						
Local Gov. Other		(20,394,000)		(168,795,000)		(801,108,000)
Local Gov. Total		(20,394,000)		(168,795,000)		(801,108,000)

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	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	0
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
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	.0	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	0
Department of Revenue	27.8	10,237,400	10,237,400	10,237,400	214.8	34,108,100	34,108,100	34,108,100	307.6	557,448,400	557,448,400	557,448,400
Office of Minority and Women's Business Enterprises	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Social and Health Services	1.1	139,000	139,000	410,000	.5	74,000	74,000	217,000	.0	0	0	0
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	.0	3,000	3,000	3,000	.0	6,000	6,000	6,000	.0	0	0	0
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 \$	29.6	10,383,400	10,383,400	10,814,400	216.6	34,194,100	34,194,100	34,631,100	311.1	557,448,400	557,448,400	558,621,400

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.								
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	.0	0	0	.0	0	0	.0	0	0
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	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Department of Corrections	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
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

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

Estimated Capital Budget Breakout

Prepared by: Tyler Lentz, OFM	Phone: (360) 790-0055	Date Published: Final 3/27/2026
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Judicial Impact Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

Estimated Expenditures from:

NONE

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: 03/13/2026
Agency Preparation:	Chris Conn	Phone: 360-704-5512	Date: 03/13/2026
Agency Approval:	Chris Stanley	Phone: 360-357-2406	Date: 03/13/2026
OFM Review:	Gaius Horton	Phone: (360) 819-3112	Date: 03/13/2026

215,372.00

Request # 307-1

Part II: Narrative Explanation

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

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

II. B - Cash Receipts Impact

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

II. C - Expenditures

No or minimal fiscal impact to the Administrative Office of the Courts. This bill may increase the number of charges filed and cases heard but it's expected that any increase and impact on the Administrative Office of the Courts or the courts would be minimal.

Part III: Expenditure Detail

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

NONE

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

NONE

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

NONE

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 describe potential financing methods

NONE

215,372.00

Form FN (Rev 1/00)

2

Request # 307-1

Bill # 6346 E S SB PL

None

215,372.00

Form FN (Rev 1/00)

3

Request # 307-1

Bill # 6346 E S SB PL

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 056-Office of Public Defense
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 03/13/2026
Agency Preparation: Angie Wirkkala	Phone: 360-789-5051	Date: 03/16/2026
Agency Approval: Sophia Byrd McSherry	Phone: 360-586-3164	Date: 03/16/2026
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 03/16/2026

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 has no fiscal impact to the Office of Public Defense. The bill as passed by the Legislature removes the tax revenue distributions for county and city public defense services and removes the section of the bill that required counties and cities to use the funding consistent with Chapter 10.010 RCW found in previous versions of 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.

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.

No impact.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

No impact.

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
General Fund-State 001-1					(321,500,000)
Fair Start for Kids Account-State 25H-1					321,500,000
Total \$	0	0	0	0	0

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: 03/13/2026
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 03/16/2026
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 03/16/2026
OFM Review: Rayanna Evans	Phone: (564) 999-3255	Date: 03/17/2026

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 PL directs deposits into the fair start for kids account.

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.

Under section 202(2), beginning July 1, 2029, and each July 1st thereafter, the state treasurer must deposit five percent of the revenues collected pursuant to this chapter during the previous fiscal year into the fair start for kids account.

The fair start for kids account retains its earnings from investments under RCW 43.84.092(4).

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

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Legal Services Revolving Account-State 405-1		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: 03/13/2026
Agency Preparation: Dave Merchant	Phone: 360-753-1620	Date: 03/18/2026
Agency Approval: Joe Zawislak	Phone: 360-586-3003	Date: 03/18/2026
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/19/2026

Part II: Narrative Explanation

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

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

Section 1: 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. Adds federally recognized tribe to the definition of “state.”

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. Excludes certain capital gains or losses from the computation of tax.

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. Modifies the exemption provisions for income derived from a federally recognized tribe and its subdivisions and entities when that income is received by tribal member or a beneficiary of an Indian health program. Includes statement of intent regarding how this chapter applies to obligations imposed on federally recognized tribes with headquarters located in Washington.

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 – Allows a deduction for certain commercial cannabis activities related expenses.

Section 314: New Section – One million dollar standard deduction.

Section 315: New Section – Adjustments for deductions for nonresidents.

Section 316: New Section – Index for inflation every odd numbered year.

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 WA 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 added to chapter 74.20A – When tax refunds are subject to collections. Also requires data sharing agreement between DSHS and revenue to facilitate exchange of information. Also permits rulemaking. Also sets rules for collecting past due child support from tax refunds.

Section 712: New Section – Create an advisory group that the Department 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 with specific tasks. Final report of recommendations due by December 15, 2027, to fiscal committees. Includes opt-in safe harbor provision and extension of sales tax to services as subject matters for the advisory group.

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: New Section added to chapter 82.08 to exempt sales of certain over-the-counter drugs from the retail sales tax.

Section 908: New Section added to chapter 82.12 to exempt use of over-the-counter drugs from the use tax.

Section 909: Amends RCW 82.04.4451 – Increases dollar amount for multipliers.

Section 910: Amends RCW 82.32.045 – Increases exemption amount to \$250,00.00.

Section 911: Amends RCW 82.04.288 to exempt income received by certain hospitals and income attributable to warehousing and reselling certain drugs from the tax surcharge in that section. Extends exemption from surcharge for Washington taxable income attributable to the provision of health care services by certain licensed health care providers.

Section 912: Sections 909 through 911 take effect on January 1, 2029.

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 a digital good 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 and excludes additional activities. Removes certain staffing services utilized by hospital-based clinical providers from the definition of “temporary staffing services” subject to retail sales tax.

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. Expands exemption to public libraries, library districts, and library service centers.

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 so long as the standard deduction is at least \$1,000,000 per household.

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 – RCW 82.32.805 does not apply to Section 901 of this act.

Section 1208: New Section – The tax imposed in this act is necessary for the support of state government.

Section 1209: New Section – Department of Revenue to spend appropriated amounts to implement this act regardless of litigation.

Section 1210: New Section – Requires the Department to report to the Legislature annually, beginning January 1, 2028, on the total cost of administration of this act, including number of employees and the ratio of costs of implementation compared to the revenue raised.

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 (DOR), 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: \$489,000 for 1.5 AAG and 0.8 PL1, which includes direct litigation costs of \$38,000

FY 2031 and in each FY thereafter: \$684,000 for 2.1 AAG and 1.1 PL1, which includes direct litigation costs of \$53,000

2. The AGO Education Division (EDU) 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: \$489,000 for 1.5 AAG and 0.8 PL1, which includes direct litigation costs of \$38,000
 FY 2031 and in each FY thereafter: \$684,000 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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 101-Caseload Forecast Council
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 03/13/2026
Agency Preparation: Clela Steelhammer	Phone: 360-664-9381	Date: 03/16/2026
Agency Approval: Clela Steelhammer	Phone: 360-664-9381	Date: 03/16/2026
OFM Review: Kate LaBelle	Phone: (360) 480-0270	Date: 03/16/2026

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 PL

TAX ON MILLIONAIRES

101 – Caseload Forecast Council

March 16, 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 708-710 and 712 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.

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 E S SB PL	Title: Tax on millionaires	Agency: 105-Office of Financial Management
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 03/13/2026
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 03/17/2026
Agency Approval: Kathy Cody	Phone: (360) 480-7237	Date: 03/17/2026
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/19/2026

Part II: Narrative Explanation

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

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

There were no changes in this amended version that altered OFM's fiscal impact assumptions from the previous version.

6346 ES SB.PL

Section 712 has the director of OFM, or their designee, as a member of an advisory group to be consulted on the implementation of the bill and to make recommendations regarding its implementation and administration. OFM can participate in the advisory group within current practices, staffing, and resources, and therefore, this section has no fiscal impact on OFM.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 124-Department of Retirement Systems
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 03/13/2026
Agency Preparation: Marcus Ehrlander	Phone: 360-664-7303	Date: 03/16/2026
Agency Approval: Marcus Ehrlander	Phone: 360-664-7303	Date: 03/16/2026
OFM Review: Scott Hancock	Phone: (360) 890-2518	Date: 03/20/2026

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 ES SB.PL

Amendments to various parts of the bill do not change Part VIII with regard to Public Pensions, and do not create an administrative impact for DRS.

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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
GF-STATE-State 00 - 00 -				2,698,000,000	5,899,000,000
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		(48,700,000)	(48,700,000)	(423,120,000)	1,708,090,000
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		1,100,000	1,100,000	(13,600,000)	(50,800,000)
Multimodal Transportation Account-State 01 - Taxes 01 - Retail Sales Tax				(7,467,000)	(26,730,000)
Workforce Education Investment Account-State 01 - Taxes 05 - Bus and Occup Tax		1,200,000	1,200,000	47,900,000	232,000,000
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		(78,000)	(78,000)	(703,000)	(2,751,000)
Total \$		(46,478,000)	(46,478,000)	2,301,010,000	5,342,629,000

Estimated Expenditures from:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1	55.4	27.8	214.8	307.6
GF-STATE-State 001-1	41,600	10,195,800	10,237,400	334,108,100	557,448,400
Total \$	41,600	10,195,800	10,237,400	334,108,100	557,448,400

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 60-786-7152	Date: 03/13/2026
Agency Preparation: Erin Valz	Phone: 60-534-1522	Date: 03/25/2026
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 03/25/2026
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 03/25/2026

Request # 6346-11-2

Part II: Narrative Explanation

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

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

Notes:

- This fiscal note reflects a revision to the assumptions in the revenue impacts, and replaces fiscal note number 6346-10.
- This fiscal note reflects language in ESSB 6346 as passed in the 2026 Legislative Session.

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.

The maximum federally adjusted gross income thresholds for tax year 2025, for payments starting in 2026, by filing status are:

Single:

- \$19,104 for eligible people with no qualifying children.
- \$50,434 for eligible people with one qualifying child.
- \$57,310 for eligible people with two qualifying children.
- \$61,555 for eligible people with three or more qualifying children.

Married:

- \$26,214 for eligible people with no qualifying children.
- \$57,554 for eligible people with one qualifying child.

- \$64,430 for eligible people with two qualifying children.
- \$68,675 for eligible people with three or more qualifying children.

The maximum income thresholds are adjusted for inflation annually.

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.

SALES AND USE TAXES ON OVER-THE-COUNTER DRUGS

Sales of non-prescribed over-the-counter (OTC) drugs are subject to 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 are not considered digital automated services. Such services are not retail services.

Retail sales, retailing B&O, and use tax collections are deposited into the General Fund, with the following exceptions for retail sales tax:

- 0.16% of retail sales and taxes collected are deposited into the Performance Audit Account.
- Beginning July 1, 2027, 1% of the selling price or value of retail sales and use taxes is transferred to the Multimodal Account.

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.

Taxes collected must be deposited into the state general fund. Beginning July 1, 2029, and each July thereafter, the state treasurer must deposit 5% of the previous year's collected revenues to the fair start for kids account.

A taxpayer computes the amount of Washington base income by making the following adjustments:

- Income excluded from federal adjusted gross income (AGI) 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 subject to tax 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.
- Federally disallowed expenditures from licensed commercial cannabis activities may be deducted from their Washington taxable income.

CARRYOVERS:

A taxpayer may deduct up to 80% of their net operating loss carryover if the losses are apportioned to Washington and the loss carryover is from a previous year, provided the previous year is after January 1, 2028.

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.

TRIBAL INCOME:

The following income of federally recognized tribal members is exempt from the tax:

- Income derived from the exercise of treaty rights.
- Income received from work within their own tribe's Indian Country.
- Income derived from lands or funds held in trust.

Income derived from a federally recognized tribe, including its subdivisions and entities, when the income is received by a member of a federally recognized tribe or by a beneficiary of an Indian Health Program.

Any income, payments, benefits, or services otherwise exempt or preempted by federal or state law.

CHARITABLE CONTRIBUTIONS DEDUCTION:

A taxpayer may deduct charitable contributions to a qualified organization from their Washington base income. 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.

If the nonresident performs services in Washington for five or fewer days total in a calendar year, their allocated income is not included in the Washington base income calculation, with the exclusion of nonresident professional athletes, student athletes, or entertainers.

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 for tax year 2029, the department must adjust the standard deduction every other year based on the Urban Wage Earners and Clerical Workers 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

This section expands eligibility for the WFTC program to individuals who were at least 18 by the end of the relevant tax year and increases the maximum federally adjusted gross income thresholds based on the needs standards published in WAC 388-478-0015 for the individual's assistance unit size of up to a maximum of five people. For the purposes of WFTC program, assistance unit size is determined by an individual's household size for federal income tax purposes.

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.

SALES AND USE TAXES ON OVER-THE-COUNTER DRUGS

This section provides a sales and use taxes exemption for the retail sales of OTC drugs that contain a label identifying the product as a drug as required by the U.S. Food and Drug Administration rule 21 C.F.R. § 201.66. This label includes a drug facts panel or a statement of the active ingredients with a list of those ingredients contained in the compound, substance, or preparation.

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.

EXEMPT HOSPITALS, PRESCRIPTION DRUG RESELLERS, AND HEALTH CARE SERVICE PROVIDERS FROM THE HIGH-GROSSING BUSINESSES SURCHARGE

This proposal exempts from the surcharge starting January 1, 2029:

- Hospitals.
- Taxable income from warehousing and reselling prescription drugs for human use.
- Health care services provided by a health care provider licensed under Title 18.

Prescription means an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of this state to prescribe.

Warehousing and reselling drugs for human use pursuant to a prescription means the buying of drugs for human use pursuant to a prescription from a manufacturer or another wholesaler and reselling of the drugs to people selling at retail or to hospitals, clinics, health care providers, or other providers of health care services by a wholesaler or retailer who is registered with the federal drug enforcement administration and licensed by the pharmacy quality assurance commission.

Hospital means any institution, place, building, or agency which provides accommodations, facilities and services over a continuous period of twenty-four hours or more, for observation, diagnosis, or care, of two or more individuals not related to the operator who are suffering from illness, injury, deformity, or abnormality, or from any other condition for which obstetrical, medical, or surgical services would be appropriate for care or diagnosis.

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.
- Musical, dramatic, comedic, or similar performances, including incidental instruction.
- One-on-one instructional activities, including tutoring and consulting.
- Music lessons, regardless of the number of participants.

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.

This section also excludes temporary staffing services utilized by hospital-based clinical providers from retail sales taxable staffing services.

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, educational service districts, libraries, library districts, and library service centers.

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 to these sections (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.

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

SECTION 1202

If any of the income tax or tax relief provisions in sections 1 through 911 of this bill are held invalid, the application of the provisions in sections 1101 through 1106 is not affected.

TAX PREFERENCE AND PERFORMANCE STATEMENT

The new tax preference performance provisions do not apply to this bill (see section 1207), except for the tax preference performance statement related to the changes to the WFTC program (see section 1206). The ten-year expiration tax preference performance provision does not apply to the WFTC program (see Section 1207).

SECTION 1210

Beginning on January 1, 2028, the department must annually report to the legislature the total cost of administering this act, the number of full-time employees required to administer this act, and the ratio of the cost of implementation to revenue raised from the tax imposed in this act.

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.

SALES AND USE TAXES ON OVER-THE-COUNTER DRUGS

These sections take effect 90 days after the final adjournment of the session, but the changes go into effect January 1, 2029.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD

This section takes effect on January 1, 2029.

EXEMPT HOSPITALS AND PRESCRIPTION DRUG RESELLERS FROM THE HIGH-GROSSING BUSINESSES SURCHARGE

This section takes effect on January 1, 2029.

PART X CHAPTER 422, LAWS OF 2025

This section 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.
- 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.
- 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.
- Net operating loss is calculated using all business income.
- Exempting income received by tribal members or beneficiaries of an Indian health program within their own tribe's Indian Country or from lands or funds held in trust has a negative but indeterminate revenue impact due to data limitations.
- Exclusion of income earned from nonresident speakers in Washington has a negative but indeterminate revenue impact due to data limitations.
- Exclusion of income from nonresidents in Washington for a total of five or fewer days within a calendar year would have a minimally negative but indeterminate revenue impact due to data limitations.
- Exclusion of federally disallowed expenses from licensed commercial cannabis activity has a negative but indeterminate revenue impact due to data limitations.

- 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.

SALES AND USE TAXES ON OVER-THE-COUNTER DRUGS

- Annual growth rates reflect the growth in Statista's OTC medication retail sales in the U.S. data.
- The estimated amount excludes prescribed OTC medications that are currently exempt from sales and use taxes.
- Grooming and hygiene products are not included in this estimate.
- Washington's population is 2.34% of the U.S. population.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- The department receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenues for the state and a two-month delay in revenues for local jurisdictions.
- Currently, tribes with compacts receive a share of state sales and use taxes and certain business and occupation taxes (RCW 43.06.523). Additionally, local governments may also receive a portion of state sales and use taxes. Under this legislation, the amount of revenue shared with tribes and local governments may decrease.

- This estimate 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.

EXEMPT HOSPITALS, PRESCRIPTION DRUG RESELLERS, AND LICENSED HEALTHCARE SERVICE PROVIDERS FROM THE HIGH-GROSSING BUSINESSES SURCHARGE

- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 B&O forecast.
- Because a taxpayer must reach the exemption amount before owing the surcharge, surcharge collections increase as the year progresses. Reporting periods spanning July through December reflect the majority of the tax owed.
- The exemption for healthcare providers impacts fewer than three taxpayers between January and June of fiscal year 2029. The tax impact for this period is not disclosable.
- This proposal takes effect January 1, 2029, and impacts five months of collections in fiscal year 2029.
- The surcharge expires December 31, 2029.

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.
- Approximately 40% of live presentations are provided by nonprofits.
- Incidental instruction is 10% of a business' activity.
- Approximately 50% of a music business' activity is from instruction.
- 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.
- All of Part I and II, ESSB 5814, 2025, except advertising, are repealed effective January 1, 2029.

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:

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- 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
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- 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
- Statista, OTC medication retail sales in the U.S. 1965-2024
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- 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>
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- Washington Office of Superintendent of Public Schools, 2024-25 Table 4: General Fund Expenditures by NCES Code
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- Washington Office of Superintendent of Public Schools Report Card (accessed December 20, 2025)
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- Kelly Services Inc., 2024 10-K report
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- 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
- Secretary of State, Washington Public Library Statistics (2024)
- American Staffing Association, BLS Monthly Employment Data (Accessed March 3, 2026)

REVENUE ESTIMATES:

The bill decreases state revenues by an estimated \$46.5 million in the 11 months of impacted collections in fiscal year 2027, and by \$52.3 million in fiscal year 2028, the first full year of impacted collections. The bill increases state revenues by an estimated \$2.35 billion in fiscal year 2029, and by \$2.90 billion in fiscal year 2030.

The bill also decreases local revenues by an estimated \$20.6 million in the 11 months of impacted collections in fiscal year 2027, and by \$25.2 million in fiscal year 2028, the first full year of impacted collections. The bill decreases local revenues by an estimated \$145.3 million in fiscal year 2029 and by \$397.6 million in fiscal year 2030.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 0
FY 2027 -	(\$ 46,478)
FY 2028 -	(\$ 52,338)
FY 2029 -	\$ 2,353,348
FY 2030 -	\$ 2,902,265
FY 2031 -	\$ 2,440,364

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

FY 2026 -	\$ 0
FY 2027 -	(\$ 20,600)
FY 2028 -	(\$ 25,200)
FY 2029 -	(\$ 145,300)
FY 2030 -	(\$ 397,600)
FY 2031 -	(\$ 411,600)

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 \$10,195,800 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 55.4 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 - \$2,007,200.

- 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 \$55,585,400 in fiscal year 2028. These costs include:

Labor Costs – Time and effort equate to 145.19 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 - \$36,570,600.

- 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 \$278,522,700 in fiscal year 2029. These costs include:

Labor Costs – Time and effort equate to 284.48 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 three 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 - \$244,625,000.

- WFTC payments to qualifying applicants of \$226,000,000.
- 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 three additional agent seat licenses for the Telephone Information Center.
- Attorney General's Office.

FIFTH YEAR COSTS:

The department will incur total costs of \$276,722,500 in fiscal year 2030. These costs include:

Labor Costs – Time and effort equate to 309.3 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 - \$241,020,900.

- WFTC payments to qualifying applicants of \$231,000,000.
- 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 \$280,725,900 in fiscal year 2031. These costs include:

Labor Costs – Time and effort equate to 305.9 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 - \$245,679,000.

- WFTC payments to qualifying applicants of \$236,000,000.
- 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	55.4	27.8	214.8	307.6
A-Salaries and Wages	11,800	5,226,800	5,238,600	33,383,300	44,903,600
B-Employee Benefits	4,300	1,881,600	1,885,900	12,017,900	16,165,400
C-Professional Service Contracts		486,400	486,400	48,339,900	12,216,800
E-Goods and Other Services	25,000	1,054,600	1,079,600	10,025,100	13,107,400
G-Travel		154,800	154,800	369,100	188,200
J-Capital Outlays	500	1,391,600	1,392,100	3,972,800	3,867,000
N-Grants, Benefits & Client Services				226,000,000	467,000,000
Total \$	\$41,600	\$10,195,800	\$10,237,400	\$334,108,100	\$557,448,400

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	2.5	3.4
ADM ASST 5	63,246		2.5	1.3	2.5	2.5
COMMUNICATIONS CNSLT 4	73,282		1.0	0.5	4.0	6.5
COMMUNICATIONS CNSLT 5	84,987				0.8	1.0
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		0.4	0.2	4.7	14.0
EXCISE TAX EX 3	67,992		0.4	0.2	3.8	12.0
EXCISE TAX EX 4	75,112		0.4	0.2	2.9	4.4
FISCAL ANALYST 1	49,428				1.0	1.5
FISCAL ANALYST 2	54,508		0.4	0.2	1.6	2.4
FISCAL ANALYST 4	69,747				1.0	1.0
FISCAL ANALYST 5	78,906				0.1	
FORMS AND RECORDS ANALYST 1	45,027				0.7	1.5
FORMS AND RECORDS ANALYST 3	58,586				0.5	1.0
HUM RES CNSLT 1	58,586		0.5	0.3	2.3	3.0
HUM RES CNSLT 4	87,051		0.5	0.3	2.3	3.0
INVESTIGATOR 2	66,373				1.4	2.7
INVESTIGATOR 3	80,822				2.8	6.0
INVESTIGATOR 4	84,987				1.3	2.0
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		4.9	2.5	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	8.9	6.1
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	2.7	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	10.2	11.5
MGMT ANALYST5	89,313		5.3	2.7	7.8	5.3
OFF ASST 3	42,976				0.5	1.0
PROCUREMENT & SUPPLY SPECIALIST 3	64,779		0.2	0.1	0.8	1.2
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 3	61,639				26.2	51.1
PUBLIC BENEFITS SPECIALIST 4	64,779				11.3	22.1
PUBLIC BENEFITS SPECIALIST 5	69,747				5.5	7.0
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	15.5	17.2
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	10.4	10.5
TAX POLICY SP 4	100,981		6.4	3.2	8.4	6.9
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	11.3	14.9
WMS BAND 3	114,564		2.2	1.1	2.3	2.2
Total FTEs		0.1	55.4	27.8	214.9	307.6

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.

Request # 6346-11-2

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."
- WAC 458-20-18801, titled: "Medical substances, devices, and supplies for humans - Drugs prescribed for human use - Medically prescribed oxygen - Prosthetic devices - Mobility enhancing equipment - Durable medical equipment."

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

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 147-Office of Minority and Women's Business Enterprises
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 03/13/2026
Agency Preparation: Ian Shelley	Phone: (360) 407-8250	Date: 03/16/2026
Agency Approval: Ian Shelley	Phone: (360) 407-8250	Date: 03/16/2026
OFM Review: Rayanna Evans	Phone: (564) 999-3255	Date: 03/17/2026

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, Tax on Millionaires, has no fiscal impact on the Office of Minority and Women's Business Enterprises (OMWBE).

New Section 712 creates an Advisory Group and requires OMWBE's Director or appointees to be a member. The Advisory Group will meet regularly starting July 1, 2026. The term "regularly" is not defined but the Advisory Group is likely to meet once per month. The Advisory Group is a resource for the Department of Revenue, which must provide the legislature with an initial report on December 15, 2026 and final report on December 15, 2027. Here, although "regular" meetings are not defined it is more likely than not that the Advisory Group will meet at least monthly, which has no fiscal impact on OMWBE.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 300-Department of Social and Health Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
General Fund-Federal 001-2		271,000	271,000	143,000	
Total \$	0	271,000	271,000	143,000	0

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

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	2.2	1.1	0.5	0.0
Account					
General Fund-State 001-1	0	139,000	139,000	74,000	0
General Fund-Federal 001-2	0	271,000	271,000	143,000	0
Total \$	0	410,000	410,000	217,000	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: 03/13/2026
Agency Preparation: Cassi Postma	Phone: 3609999999	Date: 03/18/2026
Agency Approval: Molli Ragsdale	Phone: 360-902-8182	Date: 03/18/2026
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/18/2026

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.

6346 ESSB.PL relates to investing in Washington families and businesses to fund K-12 education, health care, higher education, other essential governmental services, 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 and prescribing penalties.

Section 711 makes any associated state income tax refunds subject to collection action by the Department of Social and Health Services' (DSHS) Division of Child Support (DCS). DSHS shall enter into a data-sharing agreement with the Department of Revenue (DOR) to implement this section, and both DSHS and DOR will adopt rules as necessary to administer this section.

Enacting this bill into law will require DSHS to train staff, update existing forms, policies, and procedures, create new forms, and update data systems to meet the requirements of the bill which will result in a fiscal impact greater than \$50,000 per Fiscal Year (FY) for FY 2027 and FY 2028.

II. B - Cash receipts Impact

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

Cash receipts are partially indeterminate as potential child support collections and amount retained is unknown.

A portion of expenditures are anticipated to be paid by 001-A Division of Child Support Title IV-D funds:

- \$271,000 in Fiscal Year (FY) 2027
- \$143,000 in Fiscal Year (FY) 2028

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.

6346 ESSB.PL Section 711(4) makes the state income tax refunds subject to collection action by DSHS under 74.20A, requires a data-sharing agreement with the DOR to facilitate the exchange of information necessary to implement the section, grants rulemaking authority to administer the section, and contains a provision that when collection commences, DOR may not allow the taxpayer to apply the refund to future taxes. This section satisfies DSHS' Economic Services Administration (ESA) DCS Title IV-D State Plan under 42 USC 654(20) and 666(a)(3)(A) requirements that the state have procedures for obtaining overdue child support from state income tax refunds in accordance with 45 CFR 303.102.

To meet the requirements of the bill, DCS will need to train staff and update policies, procedures, and forms to address the collection of the state refunds, as well as conduct collection activities once the tax becomes effective. This work can be absorbed within existing resources. DCS will also need to participate in rulemaking with DOR and develop data-sharing agreements between DCS and DOR, which can be absorbed within existing resources.

DCS will need to create and translate six new forms within the Support Enforcement Management System (SEMS) at a one-time cost of \$5,000 per form in FY 2028 to include the following:

1. A form to notify to the taxpayer/non-custodial parent (NCP) of intent to certify to DOR.
2. A response form to the notification. Alternatively, a person may call in to respond.
3. A form that DCS would use to respond to the request for an administrative review.
4. A form to allow NCP, custodial parent (CP), or both to respond to the request.

5. A conference board form for quick response to conference board request on an administrative review result.
6. A form for an injured spouse process.

The Division of Information Technology (DIT) within DSHS' Administrative and Supporting Services will update DCS' SEMS which will consist of mainframe, website, and database changes to meet the bill requirements. The six new forms outlined above will require DIT development, business analysis, testing, and release management. This work will begin July 1, 2026 and continue through December 31, 2027. This work will require the IT Business Analyst team to gather requirements for all necessary changes and manage the overall effort. These changes will then proceed to the IT Quality Assurance team to ensure all requirements are met through testing and validation of the changes. After the release manager approves the changes on the IT Quality Assurance team, the changes will proceed through a Security and Architecture review which may include data mapping and a Security Design Review. DIT estimates the one-time costs for this work will include partial Full-Time Equivalents (FTEs) and associated expenditures for nine job classes across the aforementioned IT teams with a total fiscal impact of 2.2 FTEs and \$410,000 (\$139,000 GFS) for FY 2027, and 1.1 FTEs and \$187,000 (\$64,000 GFS) for FY 2028.

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	139,000	139,000	74,000	0
001-2	General Fund	Federal	0	271,000	271,000	143,000	0
Total \$			0	410,000	410,000	217,000	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		2.2	1.1	0.5	
A-Salaries and Wages		280,000	280,000	140,000	
B-Employee Benefits		79,000	79,000	29,000	
C-Professional Service Contracts					
E-Goods and Other Services		29,000	29,000	44,000	
G-Travel					
J-Capital Outlays		13,000	13,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service		1,000	1,000		
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		8,000	8,000	4,000	
9-					
Total \$	0	410,000	410,000	217,000	0

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
IT APP DEVELOPMENT - JOURNEY			0.2	0.1	0.1	
IT APP DEVELOPMENT - SENIOR/SPECIALIST			0.9	0.5	0.2	
IT ARCHITECTURE - SENIOR/SPECIALIST						
IT BUSINESS ANALYST - JOURNEY			0.1	0.1		
IT BUSINESS ANALYST - SENIOR/SPECIALIST			0.1	0.1	0.1	
IT DATA MANAGEMENT - SENIOR/SPECIALIST			0.2	0.1	0.1	
IT QUALITY ASSURANCE - JOURNEY			0.5	0.3	0.1	
IT QUALITY ASSURANCE - SENIOR/SPECIALIST			0.2	0.1	0.1	
IT SECURITY - SENIOR/SPECIALIST						
Total FTEs			2.2	1.1	0.5	0.0

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Economic Services Administration (060)				30,000	
Administrative & Supporting Services (110)		410,000	410,000	187,000	
Total \$		410,000	410,000	217,000	

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

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.

New rulemaking by both DSHS and DOR will be necessary to meet the requirements of Section 711.

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 307-Department of Children, Youth, and Families
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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: 03/13/2026
Agency Preparation: Wendy Polzin	Phone: 2066702667	Date: 03/17/2026
Agency Approval: Crystal Lester	Phone: 360-628-3960	Date: 03/17/2026
OFM Review: Kate LaBelle	Phone: (360) 480-0270	Date: 03/17/2026

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.

As Passed Legislature compared to House Floor Striking amendment H3793.3 - The House adopted several amendments to the striking amendment making policy and other changes. No changes are made to criminal offenses or deposits into the Fairs Start for Kids Act Account.

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.

Juvenile Rehabilitation - The bill establishes criminal offenses but does 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.

Early Learning – The bill directs revenue be deposited into the Fair Start for Kids Account, which is administered by DCYF. Expenditure impacts to DCYF are indeterminate based on if/how much the Legislature appropriates from the account. The Fair Start for Kids Account allows funds to be used for “child care and early learning purposes” which could include multiple DCYF early learning programs. For a sense of scale, the average cost of serving a family on Working Connections Child Care is currently \$28,524 (\$2,377 x 12 months) per year. This is not the only program in which the FSKA could be allocated toward.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: 310-Department of Corrections
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
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: 03/13/2026
Agency Preparation: meliisa vining	Phone: 360-791-0201	Date: 03/19/2026
Agency Approval: Greg Scott-Braaten	Phone: 360-789-0278	Date: 03/19/2026
OFM Review: Kate LaBelle	Phone: (360) 480-0270	Date: 03/20/2026

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, 2.14.100, 6.15.020, 41.24.240, 41.32.052, 41.34.080, 41.35.100, 41.37.090, 41.40.052, 41.44.240, 41.26.053, 41.28.200, 43.43.310, 82.08.0206, 82.04.4451, 82.32.045, 82.04.288, 82.04.050, 82.04.192, 82.04.050, 82.04.288, and 1.90.100; amending 2023 c 456 s 3 (uncodified); adding a new section to chapter 74.20A RCW; adding new sections to chapter 82.08 RCW; adding new sections 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; and providing effective dates.

The following impacts remain unchanged from the previous bill version, ESSB 6346 (S.E BERG H3793.3):

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 (PL) 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		1,000	1,000		
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 360-University of Washington
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
General Fund-State 001-1	0	3,000	3,000	6,000	0
Total \$	0	3,000	3,000	6,000	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: 03/13/2026
Agency Preparation: Christine Leibbrand	Phone: 4256475101	Date: 03/18/2026
Agency Approval: Christine Leibbrand	Phone: 4256475101	Date: 03/18/2026
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/19/2026

Part II: Narrative Explanation

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

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

The Engrossed Substitute Senate Bill 6346 that passed the legislature 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.

Compared to prior versions, this version modifies the section on tribal income, adds an exemption from the \$250,000,000 surcharge for Washington taxable income attributable to the provision of certain health care services (Section 911), and an exemption is added to the tax on temporary staffing services for staffing services used by hospital-based clinical providers to fulfill hospital contracts. Additionally, Section 1210 is added requiring that the Department of Revenue complete an annual report on the cost of administration of this bill.

These and other minor changes do not impact the University of Washington's (UW's) original cost estimates for this bill. Specifically, UW remains exempt from the tax on live presentations, given the Department of Revenue's guidance and the language concerning UW's exemption from tax on activities that are within the institution's accreditation.

Additionally, the income tax requirements of this bill will impact some University of Washington (UW) employees, including head and assistant coaches for football and basketball as well as student athletes. Section 407 will also have implications for income withholding for nonresident student athletes. Currently, the B1G Conference manages payments to student athletes. Consequently, the University of Washington (UW) does not have any costs associated with managing changes to the tax and payments associated with student athlete contracts. Additionally, because these costs are borne by individual employees and student athletes, the UW is not directly fiscally impacted by these changes. As this is not a direct cost of this bill, these costs are not included here.

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.

The Attorney General has assessed costs for the UW that are outlined in the expenditures section below, otherwise this bill has no additional 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 Attorney General (AG) has assessed annual costs for the UW of \$3,000 per year from fiscal year 2027 to 2029 for 0.1 AAG and 0.1 PL1 for consulting on the legal ramifications of this bill. The costs thereafter are \$0.

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	3,000	3,000	6,000	0
Total \$			0	3,000	3,000	6,000	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		3,000	3,000	6,000	
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	3,000	3,000	6,000	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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 370-Eastern Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
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: 03/13/2026
Agency Preparation: Tammy Felicijan	Phone: (509) 359-7364	Date: 03/17/2026
Agency Approval: Tammy Felicijan	Phone: (509) 359-7364	Date: 03/17/2026
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/19/2026

Part II: Narrative Explanation

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

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

ESSB.PL 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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 375-Central Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
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: 03/13/2026
Agency Preparation: Alexa Orcutt	Phone: 5099632955	Date: 03/16/2026
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 03/16/2026
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/19/2026

Part II: Narrative Explanation

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

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

The proposed 6346 ESSB.PL 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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 376-The Evergreen State College
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
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: 03/13/2026
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 03/16/2026
Agency Approval: Lisa Dawn-Fisher	Phone: 564-233-1577	Date: 03/16/2026
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/19/2026

Part II: Narrative Explanation

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

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

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

ES SB 6346 3793.3 relates to reducing certain sales and use taxes and establishing a new tax on millionaires.

Section 1101.3(l)(C) states that the sales tax on live presentations does not apply to musical, dramatic, comedic, or similar performances, including any incidental instruction, or

Section 1101.3(l)(D) One-on-one instructional activities including tutoring, consulting, music lessons, and any ensemble or large group instruction.

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.

There are no revisions to sections 1001, 1002, 1003 or 1101 in the final version of this bill that change the college's assessment of indeterminate costs as explained below.

The revisions to the definition of live presentations do not affect the college's assessment of indeterminate costs at less than \$50,000. The changes listed above would be effective January 1, 2026, while the sales tax on live presentations

would be repealed for institutions of higher education effective January 1, 2029. It is possible that Evergreen will have events (like dramatic performances) between July 1, 2026 and January 1, 2029 that will be exempt from the sales tax on live presentations via the new language in section 1101, thereby reducing the amount of sales tax paid prior to the repeal in 2029. But if so, the dollar amounts associated with such events will be small, and would not reduce the amount of sales tax the college would pay for 2026, 2027 or 2028 by more than \$50,000.

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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 380-Western Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
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: 03/13/2026
Agency Preparation: Gena Mikkelsen	Phone: 3606507412	Date: 03/20/2026
Agency Approval: Faye Gallant	Phone: 3606504762	Date: 03/20/2026
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/20/2026

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 PL 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 amended bill includes provisions addressing income allocation for residents and nonresidents and clarifies how certain income earned in Washington state is attributed for tax purposes.

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 a 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 does not create significant fiscal or operational impacts for Western Washington University and is assessed as a 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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 540-Employment Security Department
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 03/13/2026
Agency Preparation: Tina Swenson	Phone: 360 890 3500	Date: 03/13/2026
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 03/13/2026
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/16/2026

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.

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: 6346 E S SB PL	Title: Tax on millionaires	Agency: 699-Community and Technical College System
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
Account					
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: 03/13/2026
Agency Preparation: Stephanie Winner	Phone: 360-704-1023	Date: 03/23/2026
Agency Approval: Stephanie Winner	Phone: 360-704-1023	Date: 03/23/2026
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/25/2026

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 changes in the amended version (6346-S-PL) of the bill do not modify the fiscal impact for the community and technical college system.

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.

Individual State Agency Fiscal Note

Bill Number: 6346 E S SB PL	Title: Tax on millionaires	Agency: SDF-School District Fiscal Note - SPI
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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: 03/13/2026
Agency Preparation: Shawn Lewis	Phone: 360 725-6019	Date: 03/27/2026
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 03/27/2026
OFM Review: Danya Clevenger	Phone: (360) 688-6413	Date: 03/27/2026

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.

PROPOSAL: Related to Washington School Districts, this bill creates a retail sales and use tax exemption for all new service taxes created in chapter 422, Laws of 2025 for K12 schools, school districts, and educational service districts. These exemptions can be found in sections 1102 and 1103. These sections take effect on July 1, 2026.

CURRENT LAW:

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.

Schools pay retail sales tax on purchases of such sales, and sellers making such sales pay retailing B&O tax.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

OSPI is unable to determine the specific impact of eliminating the sales tax and B&O taxes for the goods and services identified in Section 1002 and 1003. While indeterminate, the impact represents a substantial reduction in costs. School districts are not expected to reduce expenditures based on this bill.

The assumptions and amounts shown below are based on assumptions used for by the Department of Revenue for determining the revenue impact on state and local governments for ESSB 5814 from 2025. These are examples only as OSPI cannot reasonably determine the impact and is therefore indeterminate.

ASSUMPTIONS:

- 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.
 - 100% of the employee training and development, registration, and entrance fee expenses are taxable services.
 - 100% of the advertising expenses are taxable services.
 - 25% of the data processing services are taxable services.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.03%.

With these assumptions the fiscal impact is assumed to be:

FY 2027 -\$16,450,000
FY 2028 -\$18,940,000
FY 2029 -\$19,160,000

FY 2030 -\$19,520,000
FY 2031 -\$20,050,000

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 6346 E S SB PL	Title: Tax on millionaires
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: decreased local sales and use tax revenue
- Counties: decreased local sales and use tax revenue
- 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		(6,124,125)	(6,124,125)	(50,687,537)	(240,565,131)
County		(7,726,190)	(7,726,190)	(63,947,353)	(303,496,765)
Special District		(6,543,685)	(6,543,685)	(54,160,110)	(257,046,104)
TOTAL \$		(20,394,000)	(20,394,000)	(168,795,000)	(801,108,000)
GRAND TOTAL \$					(990,297,000)

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 03/13/2026
Leg. Committee Contact: Tracey Taylor	Phone: 360-786-7152	Date: 03/13/2026
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/13/2026
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 03/16/2026

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 ESSB 6346 as passed makes the following changes to the AMH BERG H3793.3 version:

- Excludes temporary staffing services utilized by hospital-based clinical providers from retail sales taxable staffing services.
- Clarifies that live presentations exempt from RST include music lessons.

SUMMARY OF CURRENT BILL VERSION

PART 1-8: describes the state collected income tax on millionaires.

PART 9

- 901 – 902: describes changes to the tax relief program.
- 903-904: create a sales and use tax exemption on the sale of grooming and hygiene products beginning 1/1/29.
- 905-906: create a sales and use tax exemption on the sale of diapers beginning 1/1/29.
- 907-908: create a sales and use tax exemption on the sale of over the counter drugs beginning 1/1/29.
- 909-910: 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.
- 911: exempts hospitals and prescription drug resellers from the high-grossing businesses surcharge.

PARTS 10-11: exempts from sales and use taxes: a) certain specified services: live presentations (schools, nonprofits), b) certain purchases made by schools, c) wholesale sales of food and food ingredients 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.

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 ESSB 6346 as passed:

- Excludes temporary staffing services utilized by hospital-based clinical providers from retail sales taxable staffing services, which decreases the local revenue loss.
- Clarifies that live presentations exempt from RST include music lessons, which increases the local revenue loss.

SUMMARY OF CURRENT BILL'S REVENUE IMPACTS

S&U TAX EXEMPTIONS - PART 9-11

According to the Dept of Revenue, this bill decreases local government revenues by an estimated:

- \$20.6 million in the 11 months of impacted collections in fiscal year 2027,

- \$25.2 million in fiscal year 2028, the first full year of impacted collections,
- \$145.3 million in fiscal year 2029, and
- \$397.6 million in fiscal year 2030.

These amounts are a consolidation of sales and use tax exemption losses. It is unknown what each exemption's (grooming and hygiene sales, diaper sales, over-the-counter sales, etc.) loss amounts to.

COUNTIES

FY 2026	\$ 0
FY 2027	\$(7,726,190)
FY 2028	\$(9,451,456)
FY 2029	\$(54,495,897)
FY 2030	\$(149,122,978)
FY 2031	\$(154,373,787)

CITIES

FY 2026	\$ 0
FY 2027	\$(6,124,125)
FY 2028	\$(7,491,648)
FY 2029	\$(43,195,889)
FY 2030	\$(118,201,552)
FY 2031	\$(122,363,579)

SPECIAL DISTRICTS

FY 2026	\$ 0
FY 2027	\$(6,543,685)
FY 2028	\$(8,004,896)
FY 2029	\$(46,155,214)
FY 2030	\$(126,299,470)
FY 2031	\$(130,746,634)

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 E S SB PL	Tax on millionaires

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Administrative Office of the Courts Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Office of Public Defense	0	0	0	0	0	0	0	0	0	0	0
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
Office of Financial Management	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	-46,478,000	-52,338,000	2,353,348,000	2,902,265,000	2,440,364,000	2,546,823,000	2,664,641,000	2,790,720,000	2,927,969,000	8,527,314,000
Office of Minority and Women's Business Enterprises	0	0	0	0	0	0	0	0	0	0	0
Department of Social and Health Services Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
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
University of Washington	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



Multiple Agency Ten-Year Analysis Summary

Bill Number 6346 E S SB PL	Title Tax on millionaires
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Total	0	-46,478,000	-52,338,000	2,353,348,000	2,902,265,000	2,440,364,000	2,546,823,000	2,664,641,000	2,790,720,000	2,927,969,000	8,527,314,000



Ten-Year Analysis

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

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

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

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.

Agency Preparation: Chris Conn	Phone: 360-704-5512	Date: 3/13/2026 11:15:52 an
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 3/13/2026 11:15:52 an
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 056 Office of Public Defense
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Angie Wirkkala	Phone: 360-789-5051	Date: 3/16/2026 8:45:47 am
Agency Approval: Sophia Byrd McSherry	Phone: 360-586-3164	Date: 3/16/2026 8:45:47 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 3/16/2026 9:20:43 am
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 3/16/2026 9:20:43 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 100 Office of Attorney General
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Dave Merchant	Phone: 360-753-1620	Date: 3/18/2026 9:50:54 am
Agency Approval: Joe Zawislak	Phone: 360-586-3003	Date: 3/18/2026 9:50:54 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 101 Caseload Forecast Council
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Clela Steelhammer	Phone: 360-664-9381	Date: 3/16/2026 10:54:32 an
Agency Approval: Clela Steelhammer	Phone: 360-664-9381	Date: 3/16/2026 10:54:32 an
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 105 Office of Financial Management
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 3/17/2026 10:23:48 an
Agency Approval: Kathy Cody	Phone: (360) 480-7237	Date: 3/17/2026 10:23:48 an
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 124 Department of Retirement Systems
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Marcus Ehrlander	Phone: 360-664-7303	Date: 3/16/2026 10:36:34 pm
Agency Approval: Marcus Ehrlander	Phone: 360-664-7303	Date: 3/16/2026 10:36:34 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

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		1,100,000	800,000	(14,400,000)	(89,900,000)	39,100,000	42,400,000	45,900,000	48,700,000	53,700,000	127,400,000
Business and occupation tax	24J		1,200,000	1,300,000	46,600,000	113,900,000	118,100,000	122,500,000	127,100,000	131,800,000	136,700,000	799,200,000
Total Business and occupation tax			2,300,000	2,100,000	32,200,000	24,000,000	157,200,000	164,900,000	173,000,000	180,500,000	190,400,000	926,600,000
Retail sales tax	001		(48,700,000)	(53,500,000)	(369,620,000)	(839,260,000)	(868,830,000)	(899,520,000)	(931,260,000)	(964,130,000)	(998,240,000)	(5,973,060,000)
Retail sales tax	218			(851,000)	(6,616,000)	(13,100,000)	(13,630,000)	(14,070,000)	(14,610,000)	(15,060,000)	(15,600,000)	(93,537,000)
Retail sales tax	553		(78,000)	(87,000)	(616,000)	(1,375,000)	(1,376,000)	(1,487,000)	(1,489,000)	(1,590,000)	(1,591,000)	(9,689,000)
Total Retail sales tax			(48,778,000)	(54,438,000)	(376,852,000)	(853,735,000)	(883,836,000)	(915,077,000)	(947,359,000)	(980,780,000)	1,015,431,000	(6,076,286,000)
Tax on Income	001				2,698,000,000	3,732,000,000	3,167,000,000	3,297,000,000	3,439,000,000	3,591,000,000	3,753,000,000	23,677,000,000
Total			(46,478,000)	(52,338,000)	2,353,348,000	2,902,265,000	2,440,364,000	2,546,823,000	2,664,641,000	2,790,720,000	2,927,969,000	18,527,314,000
Biennial Totals			(46,478,000)		2,301,010,000		5,342,629,000		5,211,464,000		5,718,689,000	18,527,314,000



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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)

- Notes:
- This fiscal note reflects a revision to the assumptions in the revenue impacts, and replaces fiscal note number 6346-10.
 - This fiscal note reflects language in ESSB 6346 as passed in the 2026 Legislative Session.

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.



Ten-Year Analysis

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

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Narrative Explanation (Required for Indeterminate Cash Receipts)

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

The maximum federally adjusted gross income thresholds for tax year 2025, for payments starting in 2026, by filing status are:

Single:

- \$19,104 for eligible people with no qualifying children.
- \$50,434 for eligible people with one qualifying child.
- \$57,310 for eligible people with two qualifying children.
- \$61,555 for eligible people with three or more qualifying children.

Married:

- \$26,214 for eligible people with no qualifying children.
- \$57,554 for eligible people with one qualifying child.
- \$64,430 for eligible people with two qualifying children.
- \$68,675 for eligible people with three or more qualifying children.

The maximum income thresholds are adjusted for inflation annually.

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.

SALES AND USE TAXES ON OVER-THE-COUNTER DRUGS

Sales of non-prescribed over-the-counter (OTC) drugs are subject to 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.



Ten-Year Analysis

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

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Narrative Explanation (Required for Indeterminate Cash Receipts)

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 are not considered digital automated services. Such services are not retail services.

Retail sales, retailing B&O, and use tax collections are deposited into the General Fund, with the following exceptions for retail sales tax:

- 0.16% of retail sales and taxes collected are deposited into the Performance Audit Account.
- Beginning July 1, 2027, 1% of the selling price or value of retail sales and use taxes is transferred to the Multimodal Account.

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.



Ten-Year Analysis

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

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Narrative Explanation (Required for Indeterminate Cash Receipts)

- 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.

Taxes collected must be deposited into the state general fund. Beginning July 1, 2029, and each July thereafter, the state treasurer must deposit 5% of the previous year's collected revenues to the fair start for kids account.

A taxpayer computes the amount of Washington base income by making the following adjustments:

- Income excluded from federal adjusted gross income (AGI) 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 subject to tax 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.
- Federally disallowed expenditures from licensed commercial cannabis activities may be deducted from their Washington taxable income.



Ten-Year Analysis

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Narrative Explanation (Required for Indeterminate Cash Receipts)

CARRYOVERS:

A taxpayer may deduct up to 80% of their net operating loss carryover if the losses are apportioned to Washington and the loss carryover is from a previous year, provided the previous year is after January 1, 2028.

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.

TRIBAL INCOME:

The following income of federally recognized tribal members is exempt from the tax:

- Income derived from the exercise of treaty rights.
- Income received from work within their own tribe's Indian Country.
- Income derived from lands or funds held in trust.

Income derived from a federally recognized tribe, including its subdivisions and entities, when the income is received by a member of a federally recognized tribe or by a beneficiary of an Indian Health Program.

Any income, payments, benefits, or services otherwise exempt or preempted by federal or state law.

CHARITABLE CONTRIBUTIONS DEDUCTION:

A taxpayer may deduct charitable contributions to a qualified organization from their Washington base income. 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:



Ten-Year Analysis

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Narrative Explanation (Required for Indeterminate Cash Receipts)

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.



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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 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.

If the nonresident performs services in Washington for five or fewer days total in a calendar year, their allocated income is not included in the Washington base income calculation, with the exclusion of nonresident professional athletes, student athletes, or entertainers.

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



Ten-Year Analysis

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Narrative Explanation (Required for Indeterminate Cash Receipts)

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 for tax year 2029, the department must adjust the standard deduction every other year based on the Urban Wage Earners and Clerical Workers 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



Ten-Year Analysis

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

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

Narrative Explanation (Required for Indeterminate Cash Receipts)

This section expands eligibility for the WFTC program to individuals who were at least 18 by the end of the relevant tax year and increases the maximum federally adjusted gross income thresholds based on the needs standards published in WAC 388-478-0015 for the individual's assistance unit size of up to a maximum of five people. For the purposes of WFTC program, assistance unit size is determined by an individual's household size for federal income tax purposes.

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.

SALES AND USE TAXES ON OVER-THE-COUNTER DRUGS

This section provides a sales and use taxes exemption for the retail sales of OTC drugs that contain a label identifying the product as a drug as required by the U.S. Food and Drug Administration rule 21 C.F.R. § 201.66. This label includes a drug facts panel or a statement of the active ingredients with a list of those ingredients contained in the compound, substance, or preparation.

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.

EXEMPT HOSPITALS, PRESCRIPTION DRUG RESELLERS, AND HEALTH CARE SERVICE PROVIDERS FROM THE HIGH-GROSSING BUSINESSES SURCHARGE

This proposal exempts from the surcharge starting January 1, 2029:

- Hospitals.
- Taxable income from warehousing and reselling prescription drugs for human use.
- Health care services provided by a health care provider licensed under Title 18.

Prescription means an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of this state to prescribe.



Ten-Year Analysis

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Narrative Explanation (Required for Indeterminate Cash Receipts)

Warehousing and reselling drugs for human use pursuant to a prescription means the buying of drugs for human use pursuant to a prescription from a manufacturer or another wholesaler and reselling of the drugs to people selling at retail or to hospitals, clinics, health care providers, or other providers of health care services by a wholesaler or retailer who is registered with the federal drug enforcement administration and licensed by the pharmacy quality assurance commission.

Hospital means any institution, place, building, or agency which provides accommodations, facilities and services over a continuous period of twenty-four hours or more, for observation, diagnosis, or care, of two or more individuals not related to the operator who are suffering from illness, injury, deformity, or abnormality, or from any other condition for which obstetrical, medical, or surgical services would be appropriate for care or diagnosis.

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.



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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 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.
- Musical, dramatic, comedic, or similar performances, including incidental instruction.
- One-on-one instructional activities, including tutoring and consulting.
- Music lessons, regardless of the number of participants.

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.

This section also excludes temporary staffing services utilized by hospital-based clinical providers from retail sales taxable staffing services.

SECTIONS 1102 AND 1103:



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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)

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, educational service districts, libraries, library districts, and library service centers.

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 to these sections (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.

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

SECTION 1202

If any of the income tax or tax relief provisions in sections 1 through 911 of this bill are held invalid, the application of the provisions in sections 1101 through 1106 is not affected.

TAX PREFERENCE AND PERFORMANCE STATEMENT

The new tax preference performance provisions do not apply to this bill (see section 1207), except for the tax preference performance statement related to the changes to the WFTC program (see section 1206). The ten-year expiration tax preference performance provision does not apply to the WFTC program (see Section 1207).

SECTION 1210



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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)

Beginning on January 1, 2028, the department must annually report to the legislature the total cost of administering this act, the number of full-time employees required to administer this act, and the ratio of the cost of implementation to revenue raised from the tax imposed in this act.

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.

SALES AND USE TAXES ON OVER-THE-COUNTER DRUGS

These sections take effect 90 days after the final adjournment of the session, but the changes go into effect January 1, 2029.

SMALL BUSINESS CREDIT AND BUSINESS AND OCCUPATION TAX FILING THRESHOLD

This section takes effect on January 1, 2029.

EXEMPT HOSPITALS AND PRESCRIPTION DRUG RESELLERS FROM THE HIGH-GROSSING BUSINESSES SURCHARGE

This section takes effect on January 1, 2029.



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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 X CHAPTER 422, LAWS OF 2025
This section 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.
- 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.
- 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.
- Net operating loss is calculated using all business income.
- Exempting income received by tribal members or beneficiaries of an Indian health program within their own tribe's Indian Country or from lands or funds held in trust has a negative but indeterminate revenue impact due to data limitations.
- Exclusion of income earned from nonresident speakers in Washington has a negative but indeterminate revenue impact due to data limitations.
- Exclusion of income from nonresidents in Washington for a total of five or fewer days within a calendar year would have a minimally negative but indeterminate revenue impact due to data limitations.
- Exclusion of federally disallowed expenses from licensed commercial cannabis activity has a negative but indeterminate revenue impact due to data limitations.



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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)

- 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.



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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)

SALES AND USE TAXES ON OVER-THE-COUNTER DRUGS

- Annual growth rates reflect the growth in Statista's OTC medication retail sales in the U.S. data.
- The estimated amount excludes prescribed OTC medications that are currently exempt from sales and use taxes.
- Grooming and hygiene products are not included in this estimate.
- Washington's population is 2.34% of the U.S. population.
- Local revenue estimates use the statewide average local sales and use taxes rate of 3.01%.
- The department receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenues for the state and a two-month delay in revenues for local jurisdictions.
- Currently, tribes with compacts receive a share of state sales and use taxes and certain business and occupation taxes (RCW 43.06.523). Additionally, local governments may also receive a portion of state sales and use taxes. Under this legislation, the amount of revenue shared with tribes and local governments may decrease.
- This estimate 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.

EXEMPT HOSPITALS, PRESCRIPTION DRUG RESELLERS, AND LICENSED HEALTHCARE SERVICE PROVIDERS FROM THE HIGH-GROSSING BUSINESSES SURCHARGE

- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2025 B&O forecast.
- Because a taxpayer must reach the exemption amount before owing the surcharge, surcharge collections increase as the year progresses. Reporting periods spanning July through December reflect the majority of the tax owed.
- The exemption for healthcare providers impacts fewer than three taxpayers between January and June of fiscal year 2029. The tax impact for this period is not disclosable.



Ten-Year Analysis

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

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

Narrative Explanation (Required for Indeterminate Cash Receipts)

- This proposal takes effect January 1, 2029, and impacts five months of collections in fiscal year 2029.
- The surcharge expires December 31, 2029.

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.
- Approximately 40% of live presentations are provided by nonprofits.
- Incidental instruction is 10% of a business' activity.
- Approximately 50% of a music business' activity is from instruction.



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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 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.
- All of Part I and II, ESSB 5814, 2025, except advertising, are repealed effective January 1, 2029.

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.



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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)

- 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
- Statista, OTC medication retail sales in the U.S. 1965-2024
- Statista, Pharmacies Market Report
- 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



Ten-Year Analysis

Bill Number	Title	Agency
6346 E S SB PL	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)

- 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](https://www.baytechconsulting.com/blog/how-to-know-if-your-company-requires-custom-software)
- Seattle Convention Center, 2024 Event data
- Secretary of State, Washington Public Library Statistics (2024)
- American Staffing Association, BLS Monthly Employment Data (Accessed March 3, 2026)

REVENUE ESTIMATES:

The bill decreases state revenues by an estimated \$46.5 million in the 11 months of impacted collections in fiscal year 2027, and by \$52.3 million in fiscal year 2028, the first full year of impacted collections. The bill increases state revenues by an estimated \$2.35 billion in fiscal year 2029, and by \$2.90 billion in fiscal year 2030.

The bill also decreases local revenues by an estimated \$20.6 million in the 11 months of impacted collections in fiscal year 2027, and by \$25.2 million in fiscal year 2028, the first full year of impacted collections. The bill decreases local revenues by an estimated \$145.3 million in fiscal year 2029 and by \$397.6 million in fiscal year 2030.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$	0
FY 2027 -	(\$	46,478)
FY 2028 -	(\$	52,338)
FY 2029 -	\$	2,353,348
FY 2030 -	\$	2,902,265
FY 2031 -	\$	2,440,364

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

FY 2026 -	\$	0
FY 2027 -	(\$	20,600)
FY 2028 -	(\$	25,200)
FY 2029 -	(\$	145,300)
FY 2030 -	(\$	397,600)
FY 2031 -	(\$	411,600)



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 140 Department of Revenue
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Agency Preparation: Erin Valz	Phone: 360-534-1522	Date: 3/25/2026 11:45:27 an
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 3/25/2026 11:45:27 an
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 147 Office of Minority and Women's Business Enterprises
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Ian Shelley	Phone: (360) 407-8250	Date: 3/16/2026 7:00:41 am
Agency Approval: Ian Shelley	Phone: (360) 407-8250	Date: 3/16/2026 7:00:41 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 300 Department of Social and Health Services
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Future cash receipts are indeterminate as potential child support collections from Section 711 of the bill and the amount retained is unknown.

Agency Preparation: Cassi Postma	Phone: 3609999999	Date: 3/18/2026 6:54:36 am
Agency Approval: Molli Ragsdale	Phone: 360-902-8182	Date: 3/18/2026 6:54:36 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 307 Department of Children, Youth, and Families
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Wendy Polzin	Phone: 2066702667	Date: 3/17/2026 11:25:48 an
Agency Approval: Crystal Lester	Phone: 360-628-3960	Date: 3/17/2026 11:25:48 an
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 310 Department of Corrections
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: meliisa vining	Phone: 360-791-0201	Date: 3/19/2026 5:27:18 pm
Agency Approval: Greg Scott-Braaten	Phone: 360-789-0278	Date: 3/19/2026 5:27:18 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 360 University of Washington
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Christine Leibbrand	Phone: 4256475101	Date: 3/18/2026 8:14:10 am
Agency Approval: Christine Leibbrand	Phone: 4256475101	Date: 3/18/2026 8:14:10 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 370 Eastern Washington University
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Tammy Felicijan	Phone: (509) 359-7364	Date: 3/17/2026 1:06:49 pm
Agency Approval: Tammy Felicijan	Phone: (509) 359-7364	Date: 3/17/2026 1:06:49 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 375 Central Washington University
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Alexa Orcutt	Phone: 5099632955	Date: 3/16/2026 5:02:30 pm
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 3/16/2026 5:02:30 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 376 The Evergreen State College
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 3/16/2026 3:40:54 pm
Agency Approval: Lisa Dawn-Fisher	Phone: 564-233-1577	Date: 3/16/2026 3:40:54 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 380 Western Washington University
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

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

Name of Tax or Fee	Acct Code											

Agency Preparation: Gena Mikkelsen	Phone: 3606507412	Date: 3/20/2026 8:14:29 am
Agency Approval: Faye Gallant	Phone: 3606504762	Date: 3/20/2026 8:14:29 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 540 Employment Security Department
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Tina Swenson	Phone: 360 890 3500	Date: 3/13/2026 11:57:29 an
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 3/13/2026 11:57:29 an
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency 699 Community and Technical College System
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Stephanie Winner	Phone: 360-704-1023	Date: 3/23/2026 9:17:26 am
Agency Approval: Stephanie Winner	Phone: 360-704-1023	Date: 3/23/2026 9:17:26 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6346 E S SB PL	Title Tax on millionaires	Agency SDF School District Fiscal Note - SPI
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Shawn Lewis	Phone: 360 725-6019	Date: 3/27/2026 8:19:22 am
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 3/27/2026 8:19:22 am
OFM Review:	Phone:	Date: