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SUBSTITUTE SENATE BILL 6346

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State of Washington

69th Legislature

2026 Regular Session

**By** Senate Ways & Means (originally sponsored by Senators Pedersen, Chapman, Frame, Bateman, Orwall, Slatter, Alvarado, Hunt, Lovelett, Riccelli, Shewmake, Valdez, Wellman, Hasegawa, Robinson, Lovick, Conway, Trudeau, Cleveland, Kauffman, C. Wilson, Dhingra, Stanford, Nobles, Saldaña, Salomon, and Cortes)

READ FIRST TIME 02/09/26.

1       AN ACT Relating to investing in Washington families and  
2 businesses to fund K-12 education, health care, higher education,  
3 other essential governmental services, and the working families' tax  
4 credit, and to reduce certain sales and use taxes and certain  
5 business and occupation taxes by establishing a tax on millionaires;  
6 amending RCW 82.32.050, 82.32.060, 82.32.090, 2.10.180, 2.12.090,  
7 6.15.020, 41.24.240, 41.32.052, 41.34.080, 41.35.100, 41.40.052,  
8 41.44.240, 41.26.053, 43.43.310, 82.08.0206, 82.04.4451, 82.32.045,  
9 82.04.288, and 1.90.100; amending 2023 c 456 s 3 (uncodified); adding  
10 a new section to chapter 82.08 RCW; adding a new section to chapter  
11 82.12 RCW; adding a new Title to the Revised Code of Washington to be  
12 codified as Title 82A RCW; creating new sections; prescribing  
13 penalties; providing an effective date; and providing an expiration  
14 date.

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

16       NEW SECTION. **Sec. 1.** INTENT. (1) The legislature finds that the  
17 state, through the state's general fund, invests in K-12 education,  
18 health care, higher education, other essential governmental services,  
19 and the working families' tax credit, all of which help  
20 Washingtonians succeed and thrive.

1       (2) These general fund dollars help the state meet its paramount  
2 duty to make ample provision for the education of all children in the  
3 state, including children who qualify for special education services,  
4 creating the opportunity for each child to succeed in school and  
5 achieve success in life.

6       (3) The general fund supports health care programs that deliver  
7 critical, life-saving medical care, provide support for those with  
8 developmental and other disabilities, offers long-term care for the  
9 elderly, and protects the long-term health and well-being of the  
10 public.

11       (4) Further, the general fund invests in higher education,  
12 including two and four-year colleges, apprenticeships, and other  
13 postsecondary education and training programs, ensuring Washington  
14 students remain competitive in the workforce and broader economy.

15       (5) The general fund also invests in human services that provide  
16 vital basic-needs assistance to the state's lowest-income households  
17 and educate the youngest learners.

18       (6) Therefore, the intent of this act is to maintain and preserve  
19 essential governmental services for Washingtonians, particularly  
20 within K-12 education, health care, higher education, and human  
21 services, and support working families by ensuring continued  
22 investment in the working families' tax credit by depositing revenues  
23 from this act into the general fund.

24       (7) The legislature further recognizes that reforming our tax  
25 code to be common sense, balanced, and sustainable is essential to  
26 the long-term economic success of Washington. The Washington tax  
27 structure, developed during the Great Depression, relies heavily on  
28 excise and consumption taxes, with consequences for equity, adequacy,  
29 and long-term fiscal stability that persist today. The legislature  
30 recognizes that more progress is needed for the state to have a fair  
31 and balanced tax system that can provide sustainable, ample funding  
32 for K-12 education, health care, higher education, human services,  
33 and other essential governmental services. Washington's tax system  
34 remains the second most regressive in the nation as it asks those  
35 with the least to pay the most as a percentage of their income. Low-  
36 income Washingtonians pay at least three times more in state and  
37 local taxes as a percentage of their income than the state's highest  
38 income households.

39       (8) Further, due to the action of the federal government through  
40 the passage of HR 1, Washington's highest-income households are set

1 to receive an average federal tax break of \$90,850 while Washington's  
2 lowest-income households are set to receive a mere \$200. These tax  
3 breaks were largely funded through cuts to federal funding in health  
4 care and food security programs, negatively impacting Washington's  
5 working families.

6 (9) Thus, the legislature intends to limit the tax established by  
7 this act to only individuals with annual adjusted gross income of  
8 \$1,000,000 or more. Washingtonians with an annual adjusted gross  
9 income of less than \$1,000,000 will not owe this tax. As a result,  
10 the millionaires' tax is estimated to affect only the wealthiest one-  
11 half of one percent of the households in this state, taking a  
12 significant step toward reducing the disproportionate reliance on  
13 working people to fund K-12 education, health care, higher education,  
14 human services, the working families' tax credit, and other essential  
15 governmental services to benefit Washingtonians.

16 (10) The legislature further intends to exempt certain sources of  
17 income from the tax including, but not limited to, the sale of  
18 qualified family owned small businesses and the sale of all  
19 residential and other real property.

20 (11) It is also the intent of the legislature to rebalance the  
21 tax system by reducing taxes on consumers and businesses through  
22 small business and other business and occupation tax credits, as well  
23 as by exempting from the retail sales tax essential household items  
24 such as personal care products.

25 (12) Thus, to help meet the state's paramount duty of amply  
26 providing every child in the state with an education and supporting  
27 the health and well-being of Washingtonians, it is the intent of the  
28 legislature, by adopting this act, insofar as possible, to:

29 (a) Impose a tax on those individuals with the greatest ability  
30 to pay, specifically those earning Washington adjusted gross income  
31 during the taxable year of at least \$1,000,000;

32 (b) Make the Washington millionaires' tax law identical in effect  
33 to the provisions of the internal revenue code relating to the  
34 measurement of adjusted gross income of individuals, modified as  
35 necessary to achieve the goals and purpose of this act;

36 (c) Achieve this result by the application of the various  
37 provisions of the internal revenue code relating to the definition of  
38 income, exemptions and exclusions therefrom, accounting methods,  
39 basis, depreciation, and other pertinent provisions, subject to  
40 additional exemptions and modifications as provided in this act,

1 resulting in a final amount called "Washington adjusted taxable  
2 income"; and

3 (d) Impose a tax on residents of this state measured by  
4 Washington adjusted taxable income wherever derived and to impose a  
5 tax on nonresidents measured by Washington adjusted taxable income  
6 from sources within this state.

7 (13) The legislature finds that, in 2024, Washington counties  
8 were responsible for more than 90 percent of the costs associated  
9 with public defense in the state, creating a system of legal  
10 representation that varies greatly depending on where a person lives  
11 in Washington state. While fully funding public defense is not the  
12 responsibility of the state, the state is responsible under the  
13 United States Constitution for ensuring the protection of the right  
14 to counsel for all defendants. Furthermore, the Washington state  
15 supreme court's decision to modify caseload standards in 2025 will  
16 significantly increase the overall cost of providing public defense  
17 in Washington state. Through the creation and funding of the local  
18 government public defense stabilization account, the legislature  
19 intends to provide funding to help counties meet their obligations.

20 **PART I**  
21 **DEFINITIONS**

22 NEW SECTION. **Sec. 101.** DEFINITIONS. The definitions in this  
23 section apply throughout this chapter unless the context clearly  
24 requires otherwise.

25 (1) "Capital asset" has the same meaning as provided in chapter  
26 82.87 RCW.

27 (2) "Department" means the department of revenue of the state of  
28 Washington.

29 (3) "Federal adjusted gross income" means adjusted gross income  
30 as determined under section 62 of the internal revenue code.

31 (4) "Individual" means a natural person.

32 (5) "Internal revenue code" means the United States internal  
33 revenue code of 1986, as amended and in effect on January 1, 2026, or  
34 such subsequent date as the department may provide by rule consistent  
35 with the purpose of this chapter.

36 (6) "Long-term capital asset," "long-term capital gain," and  
37 "long-term capital loss" have the same meanings as provided in  
38 chapter 82.87 RCW.

(7) "Pass-through entity" means a disregarded entity for federal tax purposes, such as a partnership, limited liability company, or S corporation.

(8) (a) "Resident" means an individual:

(i) Who is domiciled in this state during the taxable year, unless the individual (A) maintained no permanent place of abode in this state during the entire taxable year, (B) maintained a permanent place of abode outside of this state during the entire taxable year, and (C) spent in the aggregate not more than 30 days of the taxable year in this state; or

(ii) Who is not domiciled in this state during the taxable year, but maintained a place of abode and was physically present in this state for more than 183 days during the taxable year.

(b) For purposes of this subsection, "day" means a calendar day or any portion of a calendar day.

(c) An individual who is a resident under (a) of this subsection is a resident for that portion of a taxable year in which the individual was domiciled in this state or maintained a place of abode in this state.

(9) "Taxable year" means the taxpayer's taxable year as defined under section 7701(a)(23) of the internal revenue code.

(10) "Taxpayer" means an individual receiving income subject to tax under this chapter.

(11) "Washington base income" means federal adjusted gross income as modified under sections 302 through 306 and 401 through 407 of this act.

(12) "Washington taxable income" means Washington base income as further modified by sections 307 through 310 of this act.

**NEW SECTION. Sec. 102.** UNDEFINED TERMS—CONFORMITY WITH FEDERAL INTERNAL REVENUE CODE. Any term used in this chapter has the same meaning as when used in a comparable context in the internal revenue code, unless a different meaning is clearly required or the term is specifically defined in this chapter.

## **PART II**

### **DETERMINATION OF TAX**

**NEW SECTION. Sec. 201.** TAX IMPOSED—RATES. (1) Beginning January 1, 2028, a tax is imposed on the receipt of Washington taxable

1 income. Only individuals are subject to payment of the tax, which  
2 equals 9.90 percent multiplied by an individual's Washington taxable  
3 income.

4 (2) If an individual's Washington taxable income is less than  
5 zero for a taxable year, no tax is due under this section and no  
6 amount is allowed as a carryover for use in the calculation of that  
7 individual's Washington taxable income, for any taxable year. To the  
8 extent that a loss carryforward is included in an individual's  
9 adjusted gross income and the loss carryforward is derived from or  
10 connected with sources in this state, the loss carryforward is  
11 included in the calculation of that individual's Washington taxable  
12 income.

13 NEW SECTION. **Sec. 202.** DISTRIBUTION OF TAX REVENUES. (1) Taxes  
14 collected under this chapter must be deposited as follows:

15 (a) Seven percent to the local government public defense funding  
16 stabilization account created in section 711 of this act; and

17 (b) The remainder to the state general fund to fund the sales and  
18 use tax relief in sections 903 and 904 of this act, the working  
19 families' tax credit program, including its expansion in section 901  
20 of this act, and the business and occupation tax relief in sections  
21 905 and 906 of this act.

22 (2) All interest and penalties collected under this chapter must  
23 be deposited in the state general fund.

24 NEW SECTION. **Sec. 203.** CREDIT FOR INCOME TAXES DUE ANOTHER  
25 JURISDICTION. (1) A resident individual is allowed a credit against  
26 the tax imposed under this chapter for the amount of any income tax  
27 paid to another state, or political subdivision of the state, on  
28 income taxed under this chapter, subject to the following conditions,  
29 which must be imposed separately with respect to each taxing  
30 jurisdiction:

31 (a) The credit is allowed only for taxes paid to the other  
32 jurisdiction on net income from sources within that jurisdiction that  
33 is included in the individual's Washington base income; and

34 (b) The amount of the credit may not exceed the smaller of:

35 (i) The amount of tax paid to the other jurisdiction on net  
36 income from sources within the other jurisdiction; or

37 (ii) The amount of tax due under this chapter before application  
38 of credits allowable by this chapter, multiplied by a fraction. The

1 numerator of the fraction is the amount of the taxpayer's federal  
2 adjusted gross income subject to tax in the other jurisdiction. The  
3 denominator of the fraction is the taxpayer's total Washington base  
4 income. The fraction may never be greater than one.

5 (2) If the laws of the other taxing jurisdiction contain a  
6 provision exempting a resident of this state from liability for the  
7 payment of income taxes on income earned for personal services  
8 performed in such jurisdiction, then the department may enter into a  
9 reciprocal agreement with such jurisdiction providing a similar tax  
10 exemption on income earned for personal services performed in this  
11 state.

12 NEW SECTION. **Sec. 204.** CREDIT FOR BUSINESS AND OCCUPATION AND  
13 PUBLIC UTILITY TAXES. (1) Beginning in tax year 2028 with taxes due  
14 in 2029, to avoid taxing the same Washington taxable income under the  
15 business and occupation tax or public utility tax and the tax imposed  
16 under this chapter, a nonrefundable credit is allowed against taxes  
17 due under this chapter on income that is also subject to the tax  
18 imposed under chapter 82.04 or 82.16 RCW. The credit is equal to the  
19 amount of tax paid under chapter 82.04 or 82.16 RCW for income  
20 included in both the calculation of the tax paid under chapter 82.04  
21 or 82.16 RCW and the tax imposed under this chapter.

22 (2) The credit under this section is earned in regard to income  
23 reportable for federal income tax purposes and may be claimed against  
24 taxes due under this chapter, for the tax reporting period in which  
25 the income is reportable for federal income tax purposes. The credit  
26 claimed for a tax reporting period may not exceed the tax otherwise  
27 due under this chapter for that tax reporting period. Unused credit  
28 may not be carried forward or backward to another tax reporting  
29 period. No refunds may be granted for unused credit under this  
30 section.

31 NEW SECTION. **Sec. 205.** CREDIT FOR WASHINGTON CAPITAL GAINS  
32 TAXES. Beginning in tax year 2028 with taxes due in 2029, a  
33 nonrefundable credit is allowed against taxes due under this chapter  
34 for the amount of tax imposed on Washington capital gains for the  
35 same tax year. "Washington capital gains" has the same meaning as  
36 provided in RCW 82.87.020.

NEW SECTION.      **Sec. 206.**      CREDIT FOR PASS-THROUGH ENTITY TAX PAYMENTS. Beginning in tax year 2028 for taxes due in 2029, a credit is allowed against taxes due under this chapter for the amount of the tax expense incurred by a pass-through entity under section 502 of this act attributable to the owner as provided in section 502(3) of this act. For a resident, the credit under this section must be reduced by the amount of any credit claimed under section 203 of this act based on the same Washington taxable income.

NEW SECTION.     **Sec. 207.**     CARRYFORWARDS AND CARRYBACKS. The amount of tax credits received by any taxpayer under sections 203 through 206 of this act may not exceed the total amount of tax due for that reporting period, and no carryback or carryforward of any unused excess credits is allowed.

PART III

ADJUSTED GROSS INCOME MODIFICATIONS

NEW SECTION.     **Sec. 301.**     INTRODUCTORY. In computing Washington base income for a taxable year, modifications must be made to the taxpayer's federal adjusted gross income as required under sections 302 through 306 and 401 through 407 of this act, unless the modification has the effect of duplicating an item of income or deduction. If an item of income is excluded from federal adjusted gross income, including income derived directly from treaty-protected tribal rights, it is excluded from the tax under this chapter unless specifically included as provided in sections 302 through 306 of this act.

NEW SECTION.     **Sec. 302.**     LONG-TERM CAPITAL GAINS AND LOSSES. (1)  
In computing a taxpayer's Washington base income, the taxpayer must deduct from the taxpayer's federal adjusted gross income any long-term capital gains that have been included in computing federal adjusted gross income.

(2) In computing a taxpayer's Washington base income, a taxpayer must add to the taxpayer's federal adjusted gross income any long-term capital losses that have been included in computing federal adjusted gross income.

(3) After making the modifications required under subsections (1) and (2) of this section, in computing a taxpayer's Washington base



1 income, a taxpayer must add to the taxpayer's federal adjusted gross  
2 income the amount of Washington capital gains subject to tax under  
3 chapter 82.87 RCW for the same taxable year, plus the amounts  
4 deducted under RCW 82.87.060 (1) and (4). This subsection (3) applies  
5 only to taxpayers owing tax under chapter 82.87 RCW for that taxable  
6 year. "Washington capital gains" has the same meaning as provided in  
7 RCW 82.87.020.

8 NEW SECTION. **Sec. 303.** STATE AND LOCAL OBLIGATIONS. In  
9 computing a taxpayer's Washington base income, the taxpayer must add  
10 to the taxpayer's federal adjusted gross income any income that has  
11 been excluded under section 103 of the internal revenue code in  
12 computing federal adjusted gross income, except interest on  
13 obligations of the state of Washington or political subdivisions of  
14 the state of Washington.

15 NEW SECTION. **Sec. 304.** STATE AND LOCAL INCOME TAXES—BUSINESS  
16 AND OCCUPATION AND PUBLIC UTILITY TAXES. In computing a taxpayer's  
17 Washington base income, the taxpayer must add to the taxpayer's  
18 federal adjusted gross income:

19 (1) Taxes on or measured by net income which have been deducted  
20 under the internal revenue code in computing federal adjusted gross  
21 income;

22 (2) The amount of taxes paid or accrued which have been deducted  
23 for federal purposes, but for which either a business and occupation  
24 tax credit or public utility tax credit, or both, is allowed.

25 NEW SECTION. **Sec. 305.** CARRYOVERS. In computing a taxpayer's  
26 Washington base income, the taxpayer must add to the taxpayer's  
27 federal adjusted gross income, any amounts that have been deducted in  
28 computing federal adjusted gross income to the extent the amounts  
29 have been carried over from taxable years ending before the effective  
30 date of this section.

31 NEW SECTION. **Sec. 306.** FEDERAL OBLIGATIONS. In computing a  
32 taxpayer's Washington base income, the taxpayer must deduct, to the  
33 extent included, from the taxpayer's federal adjusted gross income,  
34 any income derived from obligations of the United States that this  
35 state is prohibited by federal law from subjecting to a net income  
36 tax. However, the amount deducted under this section must be reduced

1 by any expense, including amortizable bond premiums, incurred in the  
2 production of such income to the extent the expense has been deducted  
3 in calculating federal adjusted gross income.

4 NEW SECTION. **Sec. 307.** CHARITABLE CONTRIBUTIONS. In determining  
5 a taxpayer's Washington taxable income, the taxpayer may deduct from  
6 their Washington base income the amount of charitable contributions  
7 they claimed for the taxable year under section 170 of the internal  
8 revenue code, up to a maximum deduction of \$100,000 per individual,  
9 or in the case of spouses or domestic partners, their combined  
10 charitable deduction is limited to \$100,000, regardless of whether  
11 they file joint or separate returns.

12 NEW SECTION. **Sec. 308.** PASS-THROUGH ENTITY TAX PAYMENTS. In  
13 computing a taxpayer's Washington taxable income, the taxpayer must  
14 add to the taxpayer's Washington base income the taxpayer's  
15 distributive share of the tax expense incurred by a pass-through  
16 entity under section 502 of this act to the extent the expense has  
17 been deducted in calculating the taxpayer's federal adjusted gross  
18 income.

19 NEW SECTION. **Sec. 309.** In determining a taxpayer's Washington  
20 taxable income, the taxpayer may deduct from the taxpayer's  
21 Washington base income the amount deposited in a capital construction  
22 fund under section 7518 of the internal revenue code if the amount  
23 has reduced the taxpayer's federal taxable income for the taxable  
24 year.

25 NEW SECTION. **Sec. 310.** ONE MILLION DOLLAR STANDARD DEDUCTION.  
26 In computing a taxpayer's Washington taxable income, a taxpayer may  
27 deduct from the taxpayer's Washington base income a standard  
28 deduction of \$1,000,000 per individual, or in the case of spouses or  
29 domestic partners, their combined standard deduction is limited to  
30 \$1,000,000, regardless of whether they file joint or separate  
31 returns. The amount of the standard deduction must be annually  
32 adjusted pursuant to section 312 of this act. The standard deduction  
33 must be adjusted for nonresidents as provided in section 311 of this  
34 act.

NEW SECTION.                      **Sec. 311.**                      ADJUSTMENT OF DEDUCTIONS FOR NONRESIDENTS. The deduction from Washington base income allowed under section 310 of this act for individual taxpayers who are not residents of this state for the entire taxable year must be reduced by multiplying the amount of the deduction by a fraction. The numerator of the fraction is the individual's Washington base income. The denominator of the fraction is the individual's federal adjusted gross income from all sources. The fraction may never be greater than one.

NEW SECTION.      **Sec. 312.**      INDEX FOR INFLATION. (1) Beginning October 2029 and each October thereafter, the department must adjust the standard deduction under section 310 of this act by multiplying the current standard deduction amount by one plus the percentage by which the most current consumer price index available on October 1st of the current year exceeds the consumer price index for the prior 12-month period, and rounding the result to the nearest \$1,000. If an adjustment under this subsection (1) would reduce the standard deduction amount, the department must not adjust the amounts for use in the following year. The department must publish the adjusted standard deduction amount on its public website by October 31st of each year. The adjusted standard deduction amount calculated under this subsection (1) takes effect for taxes due in the following calendar year.

(2) For purposes of this section, the following definitions apply:

(a) "Consumer price index" means the consumer price index for all urban consumers, all items, for the Seattle area as calculated by the United States bureau of labor statistics or its successor agency.

(b) "Seattle area" means the geographic area sample that includes Seattle and surrounding areas.

## PART IV

### DIVISION OF INCOME

NEW SECTION.     **Sec. 401.**   ALLOCATION AND APPORTIONMENT OF INCOME.  
(1) For resident individuals, all income must be allocated to this state.

(2) For nonresident individuals, income derived from sources within this state must be allocated to this state. Income derived from sources within this state means:

(a) Wages and other compensation from employment within this state as provided in section 403 of this act;

(b) Compensation attributable to professional athletics as provided in section 404 of this act;

(c) Income of a nonresident student athlete derived from the commercial use of the student athlete's name, image, or likeness as provided in section 407 of this act;

(d) Amounts attributable to any business, trade, profession, or occupation carried on within this state, including an individual's distributive share of income from a pass-through entity operating within this state as provided in section 402 of this act, to the extent determined under section 405 of this act;

(e) Rents, short-term gains, and other amounts attributable to the ownership or disposition of any interest in real or tangible personal property in this state; and

(f) Income from intangible personal property, including annuities, dividends, interest, and gains from the disposition of intangible personal property, to the extent that the intangible personal property was employed in a business, trade, profession, or occupation carried on within this state.

(3) Deductible expenses, capital losses, and net operating losses of a nonresident are based solely on income, gains, losses, and deductible expenses derived from or connected with sources in this state but are otherwise determined in the same manner as the corresponding federal deductions except as provided in this chapter.

(4) Compensation paid by the United States for service in the armed forces of the United States performed in this state by a nonresident does not constitute income derived from sources within this state.

**NEW SECTION. Sec. 402. PASS-THROUGH ENTITIES—DISTRIBUTIVE SHARE.** (1) Income derived from sources within this state include an apportioned share of the individual's distributive share of income, gains, losses, and deductions from pass-through entities that operate in the state, as provided in subsection (2) of this section.

(2) The tax due under this chapter for partners, members, or shareholders of a pass-through entity are computed by including a pro

1 rata share of the Washington base income and the credits allowed  
2 under sections 203 through 205 of this act, if the modification or  
3 credit relates to the income of the pass-through entity. Each  
4 member's, partner's, or shareholder's pro rata share of a  
5 modification or credit is the amount of modification or credit  
6 multiplied by a fraction. The numerator of the fraction is the  
7 member's, partner's, or shareholder's distributive share of pass-  
8 through income. The denominator of the fraction is the total income  
9 of the pass-through entity. The fraction may never be greater than  
10 one.

11 (3) The following definitions apply throughout this section.

12 (a) "Pass-through income" includes both distributed and  
13 undistributed federal taxable income of the pass-through entity.

14 (b) "Pro rata share" means pro rata share as reflected on the  
15 member's, partner's, or shareholder's federal schedule K-1 form.

16 NEW SECTION. **Sec. 403.** GENERAL RULE FOR ALLOCATING NONRESIDENT  
17 INCOME DERIVED FROM COMPENSATION TO WASHINGTON. (1) Unless provided  
18 otherwise in this chapter, a nonresident individual is subject to tax  
19 on the portion of federal adjusted gross income derived from  
20 employment within the state of Washington, regardless of the location  
21 of the commercial domicile of the employer.

22 (2) Compensation for services performed by a nonresident as part  
23 of their employment must be allocated to this state to the extent  
24 such services are rendered within the state. If services are  
25 performed both within and outside the state, the compensation must be  
26 apportioned based on the ratio of days worked in the state to total  
27 days worked, or by another reasonable method approved by the  
28 department.

29 (3) For the purpose of this section, the following definitions  
30 apply:

31 (a) "Compensation" means wages, salaries, commissions, and any  
32 other form of remuneration paid to employees for personal services.

33 (b) "Employer" means any individual or type of organization,  
34 including any partnership, association, trust, estate, joint stock  
35 company, insurance company, limited liability company, or  
36 corporation, whether domestic or foreign, or the receiver, trustee in  
37 bankruptcy, trustee, or the legal representative of a deceased  
38 person, having any person in employment or, having become an

1 employer, has not ceased to be an employer as provided in this  
2 chapter.

3 (c) "Employment" means personal service, of whatever nature, as  
4 known to the common law or any other legal relationship performed for  
5 an employer by an individual for compensation or under any contract  
6 calling for the performance of personal services, written or oral,  
7 express or implied, where the employer is subject to tax under RCW  
8 50.24.010 on any portion of compensation paid by the employer to the  
9 individual for the performance of the personal services.

10 NEW SECTION. **Sec. 404.** APPORTIONING INCOME FOR NONRESIDENT  
11 MEMBERS OF A PROFESSIONAL ATHLETIC TEAM. (1) For nonresident members  
12 of a professional athletic team, the portion of compensation  
13 attributable to athletic performances in the state must be  
14 apportioned to Washington as provided under this section.

15 (2)(a) The portion of the compensation of a member of a  
16 professional athletic team apportioned to Washington is that portion  
17 of compensation received for the tax year that bears the same ratio  
18 to total compensation received for the tax year as the number of duty  
19 days within this state bears to the total number of duty days spent  
20 both within and outside this state during the tax year.

21 (b) Notwithstanding the description of the portion of  
22 compensation subject to apportionment to the state of Washington  
23 under this subsection, the department may provide by rule alternative  
24 methodologies for determining the portion of compensation subject to  
25 apportionment to the state of Washington that the department  
26 determines to be fair and equitable.

27 (3)(a) A person who transacts business in the state of Washington  
28 and who pays wages, salary, bonuses, or other taxable income to a  
29 member of a professional athletic team, must submit a report to the  
30 department each year indicating any member of a professional athletic  
31 team who may be reasonably assumed to owe tax under this chapter for  
32 the calendar year.

33 (b) The report required under (a) of this subsection (3) must  
34 include:

35 (i) The total amount of compensation paid during the year to the  
36 members of the professional athletic team for which the report is  
37 being made;

(ii) A roster of the members of the professional athletic team for which the report is being made who were members at any time during the year, that lists for each member:

(A) A taxpayer identification number;

(B) Compensation paid to the member; and

(C) The number of duty days in this state and the total number of duty days for the year; and

(iii) Any other information the department may require by rule.

(c) The report must be filed with the department on or before April 15th following the year for which the report is being made or at another time as the department may require by rule.

(4) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Compensation" means wages, salaries, bonuses, and any other income included with federal adjusted gross income and paid to a member of a professional athletic team.

(b) "Duty days" means the days during the tax year from the beginning of the official preseason training period of a professional athletic team through the last game in which the professional athletic team competes or is scheduled to compete during the tax year.

(c) "Member of a professional athletic team" means a nonresident athlete or other individual rendering service to a professional athletic team if the total compensation of the athlete or other individual exceeds \$1,000,000 in a tax year.

**NEW SECTION.**      **Sec. 405.**      GENERAL RULE FOR APPORTIONING AND ALLOCATING NONRESIDENT INCOME FROM BUSINESS ACTIVITY CONDUCTED IN THE STATE. (1) The portion of federal adjusted gross income of a nonresident derived from or connected with a business, trade, or profession carried on in this state, including a sole proprietorship and any distributive share of a pass-through entity of a business, trade, or profession carried on in this state, must be apportioned and allocated as provided in this section. This section does not apply to compensation received as an employee allocated under section 403 of this act.

(2) Income from a business, trade, or profession carried on in this state, including any distributive share of a pass-through entity of a business, trade, or profession carried on in this state, must be classified as either apportionable income or nonapportionable income.

1 (3) All apportionable income must be apportioned to this state by  
2 multiplying the income by the receipts factor. The receipts factor is  
3 a fraction the numerator of which is the total receipts of the  
4 taxpayer in this state during the tax period and the denominator of  
5 which is the total receipts of the taxpayer everywhere during the tax  
6 period.

7 (a) Receipts from the sale of tangible personal property are in  
8 this state if:

9 (i) The property is delivered or shipped to a purchaser, other  
10 than the United States government, within this state regardless of  
11 the free on board point or other conditions of the sale; or

12 (ii) The property is shipped from an office, store, warehouse,  
13 factory, or other place of storage in this state and (A) the  
14 purchaser is the United States government or (B) the taxpayer is not  
15 taxable in the state of the purchaser.

16 (b)(i) Receipts, other than receipts described in (a) of this  
17 subsection (3), are in this state if the taxpayer's market for the  
18 sales is in this state. The taxpayer's market for sales is in this  
19 state:

20 (A) In the case of sale, rental, lease, or license of real  
21 property, if and to the extent the property is located in this state;

22 (B) In the case of rental, lease, or license of tangible personal  
23 property, if and to the extent the property is located in this state;

24 (C) In the case of sale of a service, if and to the extent the  
25 service is delivered to a location in this state; and

26 (D) In the case of intangible property:

27 (I) That is rented, leased, or licensed, if and to the extent the  
28 property is used in this state, provided that intangible property  
29 used in marketing a good or service to a consumer is "used in this  
30 state" if that good or service is purchased by a consumer who is in  
31 this state; and

32 (II) That is sold, if and to the extent the property is used in  
33 this state, if:

34 (1) A contract right, government license, or similar intangible  
35 property that authorizes the holder to conduct a business activity in  
36 a specific geographic area is "used in this state" if the geographic  
37 area includes all or part of this state;

38 (2) Receipts from intangible property sales that are contingent  
39 on the productivity, use, or disposition of the intangible property  
40 must be treated as receipts from the rental, lease, or licensing of



1 such intangible property under subsection (4)(a)(i) of this section;  
2 and

3 (3) All other receipts from a sale of intangible property must be  
4 excluded from the numerator and denominator of the receipts factor.

5 (c) If the state or states of assignment under (b) of this  
6 subsection (3) cannot be determined, the state or states of  
7 assignment must be reasonably approximated.

8 (d) If the taxpayer is not taxable in a state to which a receipt  
9 is assigned under this subsection (3), or if the state of assignment  
10 cannot be determined under (b) of this subsection (3) or reasonably  
11 approximated under (c) of this subsection (3), the receipt must be  
12 excluded from the denominator of the receipts factor.

13 (4)(a) If the allocation and apportionment provisions in  
14 subsection (3) of this section do not fairly represent the extent of  
15 the taxpayer's business activity in this state, the taxpayer may  
16 petition for or the department may require, in respect to all or any  
17 part of the taxpayer's business activity, if reasonable:

18 (i) Separate accounting;

19 (ii) The exclusion of any one or more of the factors;

20 (iii) The inclusion of one or more additional factors that will  
21 fairly represent the taxpayer's business activity in this state; or

22 (iv) The employment of any other method to effectuate an  
23 equitable allocation and apportionment of the taxpayer's income.

24 (b) If the allocation and apportionment provisions of this  
25 section do not fairly represent the extent of business activity in  
26 this state for taxpayers engaged in a particular industry or in a  
27 particular transaction or activity, the department may, in addition  
28 to the authority provided in (a) of this subsection (4), adopt rules  
29 for determining alternative allocation and apportionment methods for  
30 such taxpayers. Rules adopted pursuant to this subsection (4)(b) must  
31 be applied uniformly, except that with respect to any taxpayer to  
32 whom such rule applies, the taxpayer may petition for, or the  
33 department may require, adjustment under (a) of this subsection (4).

34 (c)(i) The party petitioning for, or the department requiring,  
35 the use of any method to effectuate an equitable allocation and  
36 apportionment of the taxpayer's income pursuant to (a) of this  
37 subsection (4) must prove by clear and convincing evidence:

38 (A) That the allocation and apportionment provisions of this  
39 section do not fairly represent the extent of the taxpayer's business  
40 activity in this state; and

1 (B) That the alternative to such provisions is reasonable.

2 (ii) The same burden of proof applies whether the taxpayer is  
3 petitioning for, or the department is requiring, the use of any  
4 reasonable method to effectuate an equitable allocation and  
5 apportionment of the taxpayer's income. However, if the department  
6 can show that in any two of the prior five tax years, the taxpayer  
7 had used an allocation or apportionment method at variance with its  
8 allocation or apportionment method or methods used for such other tax  
9 years, then the department does not bear the burden of proof in  
10 imposing a different method pursuant to (a) of this subsection (4).

11 (iii) If the department requires any method to effectuate an  
12 equitable allocation and apportionment of the taxpayer's income, the  
13 department may not impose any civil or criminal penalty with  
14 reference to the tax due that is attributable to the taxpayer's  
15 reasonable reliance solely on the allocation and apportionment  
16 provisions of this section.

17 (iv) A taxpayer that has received written permission from the  
18 department to use a reasonable method to effectuate an equitable  
19 allocation and apportionment of the taxpayer's income may not have  
20 that permission revoked with respect to transactions and activities  
21 that have already occurred unless there has been a material change  
22 in, or a material misrepresentation of, the facts provided by the  
23 taxpayer upon which the department reasonably relied.

24 (5) Rents and royalties from real or tangible personal property,  
25 capital gains, interest, dividends, or patent or copyright royalties,  
26 to the extent that they constitute nonapportionable income, must be  
27 allocated as provided in subsections (6) through (9) of this section.

28 (6)(a) Net rents and royalties from real property located in this  
29 state are allocable to this state.

30 (b) Net rents and royalties from tangible personal property are  
31 allocable to this state: (i) If and to the extent that the property  
32 is utilized in this state; or (ii) in their entirety if the  
33 taxpayer's commercial domicile is in this state and the taxpayer is  
34 not organized under the laws of or taxable in the state in which the  
35 property is utilized.

36 (c) The extent of utilization of tangible personal property in a  
37 state is determined by multiplying the rents and royalties by a  
38 fraction the numerator of which is the number of days of physical  
39 location of the property in the state during the rental or royalty  
40 period in the taxable year and the denominator of which is the number

1 of days of physical location of the property everywhere during all  
2 rental or royalty periods in the taxable year. If the physical  
3 location of the property during the rental or royalty period is  
4 unknown or unascertainable by the taxpayer, tangible personal  
5 property is utilized in the state in which the property was located  
6 at the time the rental or royalty payer obtained possession.

7 (7) (a) Short-term capital gains and losses from sales of real  
8 property located in this state are allocable to this state.

9 (b) Short-term capital gains and losses from sales of tangible  
10 personal property are allocable to this state if: (i) The property  
11 had a situs in this state at the time of the sale; or (ii) the  
12 taxpayer's commercial domicile is in this state and the taxpayer is  
13 not taxable in the state in which the property had a situs.

14 (c) Short-term capital gains and losses from sales of intangible  
15 personal property are allocable to this state if the taxpayer's  
16 commercial domicile is in this state.

17 (8) Interest and dividends are allocable to this state if the  
18 taxpayer's commercial domicile is in this state.

19 (9) (a) Patent and copyright royalties are allocable to this  
20 state: (i) If and to the extent that the patent or copyright is  
21 utilized by the payer in this state; or (ii) if and to the extent  
22 that the patent or copyright is utilized by the payer in a state in  
23 which the taxpayer is not taxable and the taxpayer's commercial  
24 domicile is in this state.

25 (b) A patent is utilized in a state to the extent that it is  
26 employed in production, fabrication, manufacturing, or other  
27 processing in the state or to the extent that a patented product is  
28 produced in the state. If the basis of receipts from patent royalties  
29 does not permit allocation to states or if the accounting procedures  
30 do not reflect states of utilization, the patent is utilized in the  
31 state in which the taxpayer's commercial domicile is located.

32 (c) A copyright is utilized in a state to the extent that  
33 printing or other publication originates in the state. If the basis  
34 of receipts from copyright royalties does not permit allocation to  
35 states or if the accounting procedures do not reflect states of  
36 utilization, the copyright is utilized in the state in which the  
37 taxpayer's commercial domicile is located.

38 (10) The definitions in this subsection apply throughout this  
39 section unless the context clearly requires otherwise.

40 (a) "Apportionable income" means:

1 (i) All income that is apportionable under the Constitution of  
2 the United States and is not allocated under the laws of this state,  
3 including:

4 (A) Income arising from transactions and activity in the regular  
5 course of the taxpayer's trade or business; and

6 (B) Income arising from tangible and intangible property if the  
7 acquisition, management, employment, development, or disposition of  
8 the property is or was related to the operation of the taxpayer's  
9 trade or business; and

10 (ii) Any income that would be allocable to this state under the  
11 Constitution of the United States, but that is apportioned rather  
12 than allocated pursuant to the laws of this state.

13 (b) "Commercial domicile" means the principal place from which  
14 the trade or business of the taxpayer is directed or managed.

15 (c) "Nonapportionable income" means all income other than  
16 apportionable income.

17 (d) "Receipts" means all gross receipts of the taxpayer that are  
18 not allocated under this section, and that are received from  
19 transactions and activity in the regular course of the taxpayer's  
20 trade or business, except that receipts of a taxpayer from hedging  
21 transactions and from the maturity, redemption, sale, exchange, loan,  
22 or other disposition of cash or securities, shall be excluded.

23 (e) "State" means any state of the United States, the District of  
24 Columbia, the Commonwealth of Puerto Rico, any territory or  
25 possession of the United States, and any foreign country or political  
26 subdivision thereof.

27 (f) "Taxpayer" means a pass-through entity or individual  
28 conducting business activity in the state of Washington.

29 NEW SECTION. **Sec. 406.** PRORATION OF PART-YEAR INCOME. (1)  
30 Except as provided in subsection (2) of this section, the adjusted  
31 gross income of a part-year resident is the sum of the following:

32 (a) For the portion of the year in which the taxpayer was a  
33 resident of Washington, the taxpayer's entire adjusted gross income;  
34 and

35 (b) For the portion of the year in which the taxpayer was a  
36 nonresident, the taxpayer's adjusted gross income derived from  
37 sources within this state, as provided in sections 403 through 405 of  
38 this act.

(2) The adjusted gross income of a part-year resident with federal adjusted gross income that includes an item of income, gain, loss, deduction, or credit from a pass-through entity must include the sum of the following:

(a) The total amount of the item that is taken into account in federal adjusted gross income, multiplied by the ratio of the number of days the taxpayer was a resident of Washington during the tax year of the entity over the total number of days in the tax year of the entity; and

(b) The total amount of the item that is taken into account in federal adjusted gross income and that is derived from or connected with sources within this state, as determined under sections 403 through 405 of this act, multiplied by the ratio of the number of days the taxpayer was a nonresident of Washington during the tax year of the entity over the total number of days in the tax year of the entity.

NEW SECTION.      **Sec. 407.**      ALLOCATION AND APPORTIONMENT OF NONRESIDENT STUDENT ATHLETE INCOME. (1) The portion of adjusted gross income of a nonresident student athlete derived from the commercial use of the student athlete's name, image, or likeness is allocated to this state if the publicity services provided by the student athlete related to such commercial use of the student athlete's name, image, or likeness primarily occur in Washington.

(2) 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 shall be apportioned to Washington in a form and manner consistent with a duty-day methodology. By January 1, 2028, the department shall submit proposed legislation to the legislature that would implement an apportionment methodology as specified under this subsection (2).

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Commercial use" means the use of an individual's name, image, or likeness for advertising, selling, or soliciting purchases of products, goods, or services.

(b) "Name, image, or likeness" means an individual's readily identifiable name, voice, signature, photograph, or likeness.

(c) "Publicity services" includes, but is not limited to, the following activities: Appearing in photoshoots; filming commercials;

1 recording audio endorsements; posting sponsored content on social  
2 media platforms; attending promotional events; either wearing or  
3 using, or both, branded products; and granting rights by the student  
4 athlete to use the student athlete's name, image, or likeness in  
5 either advertisements or online campaigns, or both.

6 (d) "Student athlete" means an individual who is enrolled at an  
7 institution of higher education and eligible to engage in any varsity  
8 intercollegiate athletics program at the institution.

## 9 PART V

### 10 ESTIMATED TAX PAYMENTS AND PASS-THROUGH ENTITY TAX ELECTION

11 NEW SECTION. **Sec. 501.** ESTIMATED TAX IMPOSED—DUE DATE OF  
12 ESTIMATED TAXES—AMOUNT OF ESTIMATED TAX—UNDERPAYMENT PENALTY. (1)  
13 Each individual subject to taxation by this chapter that is required  
14 by the internal revenue code to make payment of estimated taxes must  
15 pay to the department on forms prescribed by the department the  
16 estimated taxes due under this chapter.

17 (2) The provisions of the internal revenue code relating to the  
18 determination of reporting periods and due dates of payments of  
19 estimated tax applies to the estimated tax payments due under this  
20 section.

21 (3) The amount of the estimated tax is the annualized tax divided  
22 by the number of months in the reporting period. No estimated tax is  
23 due if the annualized tax is less than \$5,000. RCW 82.32.050 and  
24 82.32.090 apply to underpayments of estimated tax unless the  
25 estimated tax remitted to the department is either at least 90  
26 percent of the tax shown on the return required under section 702(1)  
27 of this act or 100 percent of the tax shown on the previous year's  
28 tax return.

29 (4) For purposes of this section, the annualized tax is the  
30 taxpayer's projected tax liability for the tax year as computed  
31 pursuant to internal revenue code section 6654 and the regulations  
32 thereunder.

33 (5) The department shall adopt rules for making estimated tax  
34 payments under this section on wages, salaries, and other  
35 compensation subject to federal income tax withholding.

36 (6) Estimated payments are not required under this section before  
37 July 1, 2029.

1        NEW SECTION.    **Sec. 502.**    PASS-THROUGH ENTITY TAX ELECTION. (1) (a)  
2    Beginning January 1, 2028, a tax is imposed at a rate of 9.90 percent  
3    of the taxable income of an electing entity for each taxable year in  
4    which an election under this section is in effect.

5        (b) The tax is paid by the electing entity.

6        (2) (a) A pass-through entity may elect to be subject to the tax  
7    imposed under this section by filing an election with the department  
8    on or before the due date prescribed by the department for making  
9    such election, but no later than April 15th.

10       (b) The election is made annually and is irrevocable for the  
11   taxable year once filed.

12       (c) The election must be made by: (i) In the case of a  
13   partnership or limited liability company, any person authorized to  
14   sign the entity's return; and (ii) in the case of an S corporation,  
15   an officer authorized to sign the return.

16       (3) (a) The taxable income of an electing entity consists of:

17       (i) The entire distributive share of income, gain, loss, and  
18   deduction attributable to resident owners, regardless of source; and

19       (ii) The state source distributive share of income, gain, loss,  
20   and deduction attributable to nonresident owners.

21       (b) Taxable income is determined by applying all state specific  
22   additions, subtractions, and modifications that would apply to the  
23   owners individually.

24       (c) Guaranteed payments, separately stated items, and investment  
25   income is included in taxable income to the same extent these items  
26   would be included in an owner's individual Washington taxable income  
27   under this chapter.

28       (4) (a) An electing entity shall make estimated tax payments in  
29   the same manner and at the same times as required for individual  
30   estimated tax payments under section 501 of this act.

31       (b) Estimated tax payments are based on the electing entity's  
32   reasonable estimate of taxable income for the taxable year.

33       (c) Estimated tax payments paid by the electing entity under this  
34   section are in lieu of the estimated tax payments imposed on owners  
35   under section 501 of this act with respect to the income included in  
36   the electing entity's taxable income.

37       (d) Estimated tax payments are not required under this subsection  
38   before July 1, 2029.

39       (5) (a) Each owner of an electing entity is allowed a credit  
40   against the tax imposed under this section equal to the owner's

1 proportionate share of the tax paid by the electing entity under this  
2 chapter as provided in section 206 of this act.

3 (b) Resident owners shall include in their Washington taxable  
4 income their full distributive share of the electing entity's income,  
5 gains, losses, and deductions and shall claim the credit allowed  
6 under section 206 of this act.

7 (c) Nonresident owners shall include in their Washington taxable  
8 income their distributive share of the electing entity's income,  
9 gains, losses, and deductions as allocated and apportioned under  
10 section 405 of this act and shall claim the credit allowed under  
11 section 206 of this act.

12 (6)(a) The electing entity shall file an annual return reporting  
13 taxable income, tax due, estimated payments, and any other  
14 information required by the department in a form and manner required  
15 by the department.

16 (b) The department may adopt rules necessary to administer this  
17 section, which to the extent possible, must be consistent with the  
18 requirements under this chapter for individuals. The department may  
19 adopt rules to streamline and simplify the process and procedures for  
20 making an election under this section.

21 (7) The definitions in this subsection apply throughout this  
22 section unless the context clearly requires otherwise.

23 (a) "Distributive share" means the owner's share of income, gain,  
24 loss, or deduction as determined under the entity's governing  
25 documents and federal income tax law.

26 (b) "Electing entity" means a pass-through entity that has made a  
27 valid election under subsection (2)(c) of this section.

28 (c) "Nonresident owner" means an owner who is not a resident of  
29 this state for individual income tax purposes.

30 (d) "Owner" means a partner, member, or shareholder of a pass-  
31 through entity.

32 (e) "Resident owner" means an owner who is a resident of this  
33 state for individual income tax purposes.

34 (f) "State source income" means income, gain, or loss derived  
35 from sources within this state, determined under the allocation and  
36 apportionment provisions of section 405 of this act.

37 **PART VI**  
38 **CRIMES**





1 section a copy of the taxpayer's federal income tax return filed with  
2 the internal revenue service of the United States, including:

3 (i) All federal income tax forms, schedules, and other  
4 attachments that directly relate to the taxpayer's federal adjusted  
5 gross income; and

6 (ii) Any information, returns, and federal tax documents received  
7 by the taxpayer that directly relate to the taxpayer's federal  
8 adjusted gross income including, but not limited to, form W-2, form  
9 1099-INT, form 1099-DIV, form 1099-NEC, form 1099-MISC, form 1099-B,  
10 schedule K-1 (form 1065), and schedule K-1 (form 1120-S).

11 (b) A taxpayer must provide to the department, upon request,  
12 other federal tax return information needed to verify the tax owed  
13 under this chapter.

14 (c) The department may prescribe by rule additional reporting or  
15 verification requirements under this subsection (2) to substantiate  
16 an individual's federal adjusted gross income.

17 (3) Each taxpayer required to file a return under this section  
18 must, without assessment, notice, or demand, pay any tax due thereon  
19 to the department on or before the date fixed for the filing of the  
20 return, regardless of any filing extension. The tax must be paid by  
21 electronic funds transfer as defined in RCW 82.32.085 or by other  
22 forms of electronic payment as may be authorized by the department.  
23 The department may waive the electronic payment requirement for good  
24 cause as provided in RCW 82.32.080. If any tax due under this chapter  
25 is not paid by the due date, interest and penalties as provided in  
26 chapter 82.32 RCW apply to the deficiency.

27 (4) If a taxpayer has obtained an extension of time for filing  
28 the federal income tax return for the taxable year and the taxpayer  
29 provides the department, on or before the date fixed for the filing  
30 of the return, regardless of any filing extension, evidence  
31 satisfactory to the department confirming the federal extension, the  
32 taxpayer is entitled to the same extension of time for filing the  
33 return required under this section. An extension under this  
34 subsection for the filing of a return under this chapter is not an  
35 extension of time to pay the tax due under this chapter.

36 (5)(a) If any return due under subsection (1) of this section,  
37 along with a copy of the federal income tax return, is not filed with  
38 the department by the due date or any extension granted by the  
39 department, the department must assess a penalty in the amount of  
40 five percent of the tax due for the taxable year covered by the

1 return for each month or portion of a month that the return remains  
2 unfiled. The total penalty assessed under this subsection may not  
3 exceed 25 percent of the tax due for the taxable year covered by the  
4 delinquent return. The penalty under this subsection is in addition  
5 to any penalties assessed for the late payment of any tax due on the  
6 return.

7 (b) The department must waive or cancel the penalty imposed under  
8 this subsection if:

9 (i) The department is persuaded that the taxpayer's failure to  
10 file the return by the due date was due to circumstances beyond the  
11 taxpayer's control; or

12 (ii) The taxpayer has not been delinquent in filing any return  
13 due under this section during the preceding five calendar years and  
14 the taxpayer has not been contacted by the department for enforcement  
15 purposes regarding the reporting period covered by the waiver  
16 request.

17 (6) The department must waive or cancel the penalty imposed under  
18 RCW 82.32.090(1) on a payment required under this section when the  
19 circumstances under which the delinquency occurred do not qualify for  
20 waiver or cancellation under RCW 82.32.105(1) if all of the following  
21 apply:

22 (a) A taxpayer requests a waiver of penalty for a payment  
23 required under this section;

24 (b) The taxpayer has not been contacted by the department for  
25 enforcement purposes regarding the reporting period covered by the  
26 waiver request; and

27 (c) The taxpayer has timely remitted payment on all tax returns  
28 due under this section during the preceding five calendar years.

29 (7)(a) In the event a taxpayer's federal income tax return is  
30 changed in a manner that is final after their return required under  
31 subsection (1) of this section is filed with the department and the  
32 taxpayer's federal income tax return is changed in a manner that  
33 impacts either the calculation of their Washington adjusted gross  
34 income or their tax liability under this chapter, or both, the  
35 taxpayer must amend the taxpayer's return due under subsection (1) of  
36 this section for the same tax year in which their federal income tax  
37 return is changed. For the purposes of this subsection (7), a federal  
38 income tax return is changed in a manner that is final when such  
39 change is not subject to either administrative review by the United  
40 States internal revenue service or judicial review in a court of

1 competent jurisdiction, or both. A change is also final in the case  
2 of an audit finding in the following circumstances:

3 (i) The taxpayer has received audit findings from the internal  
4 revenue service for the tax period and the taxpayer does not timely  
5 file an administrative appeal with the internal revenue service.

6 (ii) The taxpayer consented to any of the audit findings for the  
7 tax period through a form or other written agreement with the United  
8 States internal revenue service.

9 (b) If the return is not amended, as required under this  
10 subsection (7), with the department within 90 days of the federal  
11 income tax return change becoming final, the department must assess  
12 on the 91st day a penalty in the amount of five percent of any  
13 additional tax due for the taxable year covered by the return for  
14 each month or portion of a month that the return is not timely  
15 amended as required by this subsection. The total penalty assessed  
16 under this subsection (7)(b) may not exceed 25 percent of the  
17 additional tax due for the taxable year covered by the delinquent  
18 return amendment. The penalty under this subsection (7)(b) is in  
19 addition to any penalties assessed under this section.

20 (8)(a) No assessment or correction of an assessment for  
21 additional taxes, penalties, or interest due may be made by the  
22 department more than four years after the year in which a return is  
23 filed under subsection (1) of this section except:

24 (i) When the taxpayer's federal income tax return is changed in a  
25 manner that requires an amended return under subsection (7) of this  
26 section; or

27 (ii) As provided in RCW 82.32.050(4).

28 (b) In the event the statute of limitations is extended under  
29 (a)(i) of this subsection, no assessment or correction of an  
30 assessment for additional taxes, penalties, or interest due may be  
31 made by the department more than four years after the year in which  
32 an amended return is filed with the department as required under  
33 subsection (7) of this section. Any assessment or correction of an  
34 assessment for additional taxes, penalties, or interest due under  
35 this subsection (8)(b) but made by the department more than four  
36 years after the year in which a return is filed under subsection (1)  
37 of this section must be directly related to the federal income tax  
38 return change described in subsection (7) of this section.

1        NEW SECTION.        **Sec. 703.**        REQUIREMENT FOR SEPARATE OR JOINT  
2 RETURNS. (1) If the federal income tax liabilities of both spouses  
3 are determined on a joint federal return for the taxable year, they  
4 must file a joint return under this chapter.

5        (2) Except as otherwise provided in this subsection (2), if the  
6 federal income tax liability of any individual, including either  
7 spouse of a marital community, is determined on a separate federal  
8 return for the taxable year, they must file separate returns under  
9 this chapter. State registered domestic partners may file a joint  
10 return under this chapter even if they filed separate federal returns  
11 for the taxable year.

12        (3) The liability for tax due under this chapter of each spouse  
13 or state registered domestic partner is joint and several, unless:

14        (a) The spouse is relieved of liability for federal tax purposes  
15 as provided under 26 U.S.C. Sec. 6015 of the internal revenue code;  
16 or

17        (b) The department determines that the state registered domestic  
18 partner qualifies for relief as provided by rule of the department.  
19 Such rule, to the extent possible without being inconsistent with  
20 this chapter, must follow 26 U.S.C. Sec. 6015.

21        (4)(a) Unless the context clearly indicates otherwise,  
22 individuals who are spouses or state registered domestic partners are  
23 not considered separate taxpayers for the purposes of this chapter  
24 regardless of whether they file a joint or separate return for the  
25 tax imposed under this chapter. The activities and assets of each  
26 spouse or state registered domestic partner are combined as if they  
27 were one individual for the purposes of determining the applicability  
28 of any threshold amounts, caps, deductions, credits, or any other  
29 amounts related to the activities or assets of an individual  
30 throughout this chapter.

31        (b)(i) Except as provided in (b)(ii) of this subsection (4), when  
32 an individual does not file a joint return for the tax imposed under  
33 this chapter, both spouses or state registered domestic partners must  
34 allocate between themselves their respective share of the marital  
35 community's or domestic partnership's assets and activity. The  
36 allocation must be reported to the department on any returns required  
37 to be filed pursuant to this chapter in a manner prescribed by the  
38 department.

39        (ii) If both spouses or state registered domestic partners cannot  
40 agree on an allocation of assets and activity as authorized under

(b)(i) of this subsection (4), each spouse is limited to one-half of the total assets and activities of their marital community or domestic partnership.

NEW SECTION.     **Sec. 704.**     ADMINISTRATION OF CHAPTER CONSISTENT WITH CHAPTER 82.32 RCW. Except as otherwise provided by law and to the extent not inconsistent with the provisions of this chapter, chapter 82.32 RCW applies to the administration of taxes imposed under this chapter.

**Sec. 705.**     RCW 82.32.050 and 2025 c 409 s 12 are each amended to read as follows:

(1) If upon examination of any returns or from other information obtained by the department it appears that a tax or penalty has been paid less than that properly due, the department shall assess against the taxpayer such additional amount found to be due and shall add thereto interest on the tax only. The department shall notify the taxpayer by mail, or electronically as provided in RCW 82.32.135, of the additional amount and the additional amount shall become due and shall be paid within 30 days from the date of the notice, or within such further time as the department may provide.

(a) For tax liabilities arising before January 1, 1992, interest shall be computed at the rate of nine percent per annum from the last day of the year in which the deficiency is incurred until the earlier of December 31, 1998, or the date of payment. After December 31, 1998, the rate of interest shall be variable and computed as provided in subsection (2) of this section. The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

(b) For tax liabilities arising after December 31, 1991, the rate of interest shall be variable and computed as provided in subsection (2) of this section from the last day of the year in which the deficiency is incurred until the date of payment. The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

(c)(i) Except as otherwise provided in this subsection (1)(c), interest imposed after December 31, 1998, shall be computed from the last day of the month following each calendar year included in a notice, and the last day of the month following the final month

1 included in a notice if not the end of a calendar year, until the due  
2 date of the notice.

3 (ii) For interest associated with annual tax reporting periods  
4 having a due date as prescribed in RCW 82.32.045(3) (~~and~~),  
5 82.87.110, and section 702 of this act, interest must be computed  
6 from the last day of April immediately following each such annual  
7 reporting period included in the notice, until the due date of the  
8 notice.

9 (iii) For purposes of computing interest under (c)(i) and (ii) of  
10 this subsection (1):

11 (A) The same computation of interest applies regardless of  
12 whether the department grants additional time for filing any return  
13 under RCW 82.32.080(4)(a)(i).

14 (B) If the department extends a due date under subsection (3) of  
15 this section or RCW 82.32.080(4)(b), and payment is not made in full  
16 by the extended due date, interest is computed from the last day of  
17 the month in which the extended due date occurs until the date of  
18 payment.

19 (iv) If payment in full is not made by the due date of the  
20 notice, additional interest shall be computed under this subsection  
21 (1)(c) until the date of payment. The rate of interest shall be  
22 variable and computed as provided in subsection (2) of this section.  
23 The rate so computed shall be adjusted on the first day of January of  
24 each year for use in computing interest for that calendar year.

25 (2) For the purposes of this section, the rate of interest to be  
26 charged to the taxpayer shall be an average of the federal short-term  
27 rate as defined in 26 U.S.C. Sec. 1274(d) plus two percentage points.  
28 The rate set for each new year shall be computed by taking an  
29 arithmetical average to the nearest percentage point of the federal  
30 short-term rate, compounded annually. That average shall be  
31 calculated using the rates from four months: January, April, and July  
32 of the calendar year immediately preceding the new year, and October  
33 of the previous preceding year.

34 (3) During a state of emergency declared under RCW 43.06.010(12),  
35 the department, on its own motion or at the request of any taxpayer  
36 affected by the emergency, may extend the due date of any assessment  
37 or correction of an assessment for additional taxes, penalties, or  
38 interest as the department deems proper.

39 (4) No assessment or correction of an assessment for additional  
40 taxes, penalties, or interest due may be made by the department more

1 than four years after the close of the tax year, except (a) against a  
2 taxpayer who has not registered as required by this chapter, (b) upon  
3 a showing of fraud or of misrepresentation of a material fact by the  
4 taxpayer, or (c) where a taxpayer has executed a written waiver of  
5 such limitation. The execution of a written waiver shall also extend  
6 the period for making a refund or credit as provided in RCW  
7 82.32.060(2).

8 (5) For the purposes of this section, the following definitions  
9 apply:

10 (a) "Due date of the notice" means the date indicated in the  
11 notice by which the amount due in the notice must be paid, or such  
12 later date as provided by RCW 1.12.070(3).

13 (b) "Return" means any document a person is required by the state  
14 of Washington to file to satisfy or establish a tax or fee obligation  
15 that is administered or collected by the department and that has a  
16 statutorily defined due date. "Return" also means an application for  
17 refund under RCW 82.08.0206.

18 **Sec. 706.** RCW 82.32.060 and 2025 c 409 s 13 are each amended to  
19 read as follows:

20 (1) If, upon receipt of an application by a taxpayer for a refund  
21 or for an audit of the taxpayer's records, or upon an examination of  
22 the returns or records of any taxpayer, it is determined by the  
23 department that within the statutory period for assessment of taxes,  
24 penalties, or interest prescribed by RCW 82.32.050 any amount of tax,  
25 penalty, or interest has been paid in excess of that properly due,  
26 the excess amount paid within, or attributable to, such period must  
27 be credited to the taxpayer's account or must be refunded to the  
28 taxpayer, at the taxpayer's option. Except as provided in subsection  
29 (2) of this section, no refund or credit may be made for taxes,  
30 penalties, or interest paid more than four years prior to the  
31 beginning of the calendar year in which the refund application is  
32 made or examination of records is completed.

33 (2)(a) The execution of a written waiver under RCW 82.32.050 or  
34 82.32.100 will extend the time for making a refund or credit of any  
35 taxes paid during, or attributable to, the years covered by the  
36 waiver if, prior to the expiration of the waiver period, an  
37 application for refund of such taxes is made by the taxpayer or the  
38 department discovers a refund or credit is due.



1 (b) A refund or credit must be allowed for an excess payment  
2 resulting from the failure to claim a bad debt deduction, credit, or  
3 refund under RCW 82.04.4284, 82.08.037, 82.12.037, 82.14B.150, or  
4 82.16.050(5) for debts that became bad debts under 26 U.S.C. Sec.  
5 166, as amended or renumbered as of January 1, 2003, less than four  
6 years prior to the beginning of the calendar year in which the refund  
7 application is made or examination of records is completed.

8 (3) Any such refunds must be made by means of vouchers approved  
9 by the department and by the issuance of state warrants drawn upon  
10 and payable from such funds as the legislature may provide. However,  
11 taxpayers who are required to pay taxes by electronic funds transfer  
12 under RCW 82.32.080 must have any refunds paid by electronic funds  
13 transfer if the department has the necessary account information to  
14 facilitate a refund by electronic funds transfer.

15 (4) Any judgment for which a recovery is granted by any court of  
16 competent jurisdiction, not appealed from, for tax, penalties, and  
17 interest which were paid by the taxpayer, and costs, in a suit by any  
18 taxpayer must be paid in the same manner, as provided in subsection  
19 (3) of this section, upon the filing with the department of a  
20 certified copy of the order or judgment of the court.

21 (a) Interest at the rate of three percent per annum must be  
22 allowed by the department and by any court on the amount of any  
23 refund, credit, or other recovery allowed to a taxpayer for taxes,  
24 penalties, or interest paid by the taxpayer before January 1, 1992.  
25 This rate of interest applies for all interest allowed through  
26 December 31, 1998. Interest allowed after December 31, 1998, must be  
27 computed at the rate as computed under RCW 82.32.050(2). The rate so  
28 computed must be adjusted on the first day of January of each year  
29 for use in computing interest for that calendar year.

30 (b) For refunds or credits of amounts paid or other recovery  
31 allowed to a taxpayer after December 31, 1991, the rate of interest  
32 must be the rate as computed for assessments under RCW 82.32.050(2)  
33 less one percent. This rate of interest applies for all interest  
34 allowed through December 31, 1998. Interest allowed after December  
35 31, 1998, must be computed at the rate as computed under RCW  
36 82.32.050(2). The rate so computed must be adjusted on the first day  
37 of January of each year for use in computing interest for that  
38 calendar year.

39 (5) Interest allowed on a credit notice or refund issued after  
40 December 31, 2003, must be computed as follows:

1 (a) If all overpayments for each calendar year and all reporting  
2 periods ending with the final month included in a notice or refund  
3 were made on or before the due date of the final return for each  
4 calendar year or the final reporting period included in the notice or  
5 refund:

6 (i) Interest must be computed from January 31st following each  
7 calendar year included in a notice or refund;

8 (ii) Interest must be computed from the last day of the month  
9 following the final month included in a notice or refund; or

10 (iii) For interest associated with annual tax reporting periods  
11 having a due date as prescribed in RCW 82.32.045(3) (~~and~~),  
12 82.87.110, and section 702 of this act, interest must be computed  
13 from the last day of April following each such annual reporting  
14 period included in a notice or refund.

15 (b) If the taxpayer has not made all overpayments for each  
16 calendar year and all reporting periods ending with the final month  
17 included in a notice or refund on or before the dates specified by  
18 RCW 82.32.045 for the final return for each calendar year or the  
19 final month included in the notice or refund, interest must be  
20 computed from the last day of the month following the date on which  
21 payment in full of the liabilities was made for each calendar year  
22 included in a notice or refund, and the last day of the month  
23 following the date on which payment in full of the liabilities was  
24 made if the final month included in a notice or refund is not the end  
25 of a calendar year.

26 (c) Interest included in a credit notice must accrue up to the  
27 date the taxpayer could reasonably be expected to use the credit  
28 notice, as defined by the department's rules. If a credit notice is  
29 converted to a refund, interest must be recomputed to the date the  
30 refund is issued, but not to exceed the amount of interest that would  
31 have been allowed with the credit notice.

32 **Sec. 707.** RCW 82.32.090 and 2025 c 409 s 14 are each amended to  
33 read as follows:

34 (1) If payment of any tax due on a return to be filed by a  
35 taxpayer is not received by the department of revenue by the due  
36 date, there is assessed a penalty of nine percent of the amount of  
37 the tax; and if the tax is not received on or before the last day of  
38 the month following the due date, there is assessed a total penalty  
39 of 19 percent of the amount of the tax under this subsection; and if

1 the tax is not received on or before the last day of the second month  
2 following the due date, there is assessed a total penalty of 29  
3 percent of the amount of the tax under this subsection. No penalty so  
4 added may be less than \$5.

5 (2) If the department of revenue determines that any tax has been  
6 substantially underpaid, there is assessed a penalty of five percent  
7 of the amount of the tax determined by the department to be due. If  
8 payment of any tax determined by the department to be due is not  
9 received by the department by the due date specified in the notice,  
10 or any extension thereof, there is assessed a total penalty of 15  
11 percent of the amount of the tax under this subsection; and if  
12 payment of any tax determined by the department to be due is not  
13 received on or before the 30th day following the due date specified  
14 in the notice of tax due, or any extension thereof, there is assessed  
15 a total penalty of 25 percent of the amount of the tax under this  
16 subsection. No penalty so added may be less than \$5. As used in this  
17 (~~section~~) subsection, "substantially underpaid" means that the  
18 taxpayer has paid less than 80 percent of the amount of tax  
19 determined by the department to be due for all of the types of taxes  
20 included in, and for the entire period of time covered by, the  
21 department's examination, and the amount of underpayment is at least  
22 \$1,000.

23 (3) If a warrant is issued by the department of revenue for the  
24 collection of taxes, increases, and penalties, there is added thereto  
25 a penalty of 10 percent of the amount of the tax, but not less than  
26 \$10.

27 (4) If the department finds that a person has engaged in any  
28 business or performed any act upon which a tax is imposed under this  
29 title and that person has not obtained from the department a  
30 registration certificate as required by RCW 82.32.030, the department  
31 must impose a penalty of five percent of the amount of tax due from  
32 that person for the period that the person was not registered as  
33 required by RCW 82.32.030. The department may not impose the penalty  
34 under this subsection (4) if a person who has engaged in business  
35 taxable under this title without first having registered as required  
36 by RCW 82.32.030, prior to any notification by the department of the  
37 need to register, obtains a registration certificate from the  
38 department.

39 (5) If the department finds that a taxpayer has disregarded  
40 specific written instructions as to reporting or tax liabilities, or

1 willfully disregarded the requirement to file returns or remit  
2 payment electronically, as provided by RCW 82.32.080, the department  
3 must add a penalty of 10 percent of the amount of the tax that should  
4 have been reported and/or paid electronically or the additional tax  
5 found due if there is a deficiency because of the failure to follow  
6 the instructions. A taxpayer disregards specific written instructions  
7 when the department has informed the taxpayer in writing of the  
8 taxpayer's tax obligations and the taxpayer fails to act in  
9 accordance with those instructions unless, in the case of a  
10 deficiency, the department has not issued final instructions because  
11 the matter is under appeal pursuant to this chapter or departmental  
12 regulations. The department may not assess the penalty under this  
13 section upon any taxpayer who has made a good faith effort to comply  
14 with the specific written instructions provided by the department to  
15 that taxpayer. A taxpayer will be considered to have made a good  
16 faith effort to comply with specific written instructions to file  
17 returns and/or remit taxes electronically only if the taxpayer can  
18 show good cause, as defined in RCW 82.32.080, for the failure to  
19 comply with such instructions. A taxpayer will be considered to have  
20 willfully disregarded the requirement to file returns or remit  
21 payment electronically if the department has mailed or otherwise  
22 delivered the specific written instructions to the taxpayer on at  
23 least two occasions. Specific written instructions may be given as a  
24 part of a tax assessment, audit, determination, closing agreement, or  
25 other written communication, provided that such specific written  
26 instructions apply only to the taxpayer addressed or referenced on  
27 such communication. Any specific written instructions by the  
28 department must be clearly identified as such and must inform the  
29 taxpayer that failure to follow the instructions may subject the  
30 taxpayer to the penalties imposed by this subsection. If the  
31 department determines that it is necessary to provide specific  
32 written instructions to a taxpayer that does not comply with the  
33 requirement to file returns or remit payment electronically as  
34 provided in RCW 82.32.080, the specific written instructions must  
35 provide the taxpayer with a minimum of 45 days to come into  
36 compliance with its electronic filing and/or payment obligations  
37 before the department may impose the penalty authorized in this  
38 subsection.

39 (6) If the department finds that all or any part of a deficiency  
40 resulted from engaging in a disregarded transaction, as described in

1 RCW 82.32.655(3), the department must assess a penalty of 35 percent  
2 of the additional tax found to be due as a result of engaging in a  
3 transaction disregarded by the department under RCW 82.32.655(2). The  
4 penalty provided in this subsection may be assessed together with any  
5 other applicable penalties provided in this section on the same tax  
6 found to be due, except for the evasion penalty provided in  
7 subsection (7) of this section. The department may not assess the  
8 penalty under this subsection if, before the department discovers the  
9 taxpayer's use of a transaction described under RCW 82.32.655(3), the  
10 taxpayer discloses its participation in the transaction to the  
11 department.

12 (7) If the department finds that all or any part of the  
13 deficiency resulted from an intent to evade the tax payable  
14 hereunder, a further penalty of 50 percent of the additional tax  
15 found to be due must be added.

16 (8) The penalties imposed under subsections (1) through (4) of  
17 this section can each be imposed on the same tax found to be due.  
18 This subsection does not prohibit or restrict the application of  
19 other penalties authorized by law.

20 (9) The department may not impose the evasion penalty in  
21 combination with the penalty for disregarding specific written  
22 instructions or the penalty provided in subsection (6) of this  
23 section on the same tax found to be due.

24 (10) If a taxpayer substantially underpays an estimated payment  
25 of tax imposed under RCW 82.87.040 pursuant to RCW 82.87.110(3),  
26 there is assessed a penalty of five percent of the amount of the  
27 actual tax due for tax imposed under RCW 82.87.040. As used in this  
28 (~~section~~) subsection, "substantially underpaid" means that an  
29 individual's estimated payment for taxes imposed under RCW 82.87.040  
30 was less than 80 percent of the actual tax due, and at least \$1,000.

31 (11) If the total estimated tax payments under section 501 of  
32 this act for the tax year are substantially underpaid, there is  
33 assessed a penalty of five percent of the amount of the underpaid  
34 tax. If a pass-through entity makes an election under section 502 of  
35 this act, this subsection (11) applies to the estimated tax payments  
36 of the pass-through entity in lieu of the individual. As used in this  
37 subsection, "substantially underpaid" means that an individual's  
38 total annual estimated tax payments under section 501 of this act  
39 were less than 80 percent of the actual annual tax due, and at least  
40 \$5,000.

1       (12) For the purposes of this section, "return" means any  
2 document a person is required by the state of Washington to file to  
3 satisfy or establish a tax or fee obligation that is administered or  
4 collected by the department, and that has a statutorily defined due  
5 date. "Return" also includes the submission of any estimated payment  
6 of tax as provided in RCW 82.87.110(3) and the confirmation of an  
7 extension of the filing due date required under RCW 82.87.110(5).

8       NEW SECTION.   Sec. 708.   ESTIMATION AGREEMENTS. The department  
9 may reasonably estimate the items of business or nonbusiness income  
10 of a taxpayer having an office within the state and one or more other  
11 states or foreign countries which may be apportioned or allocated to  
12 the state and may enter into estimation agreements with such  
13 taxpayers for the determination of their liability for the tax  
14 imposed by this chapter.

15       NEW SECTION.   Sec. 709.   PROVISIONS OF INTERNAL REVENUE CODE  
16 CONTROL. (1) To the extent possible without being inconsistent with  
17 this chapter, all of the provisions of subtitle F (procedure and  
18 administration) of the internal revenue code relating to the  
19 following subjects apply to the taxes imposed under this chapter:

20       (a) Timing and amount of tax prepayments under section 501 of  
21 this act;

22       (b) Liability of transferees; and

23       (c) Time and manner of making returns, extensions of time for  
24 filing returns, verification of returns, and the time when a return  
25 is deemed to be filed by the department.

26       (2) The department by rule may provide modifications and  
27 exceptions to the provisions listed in subsection (1) of this  
28 section, if reasonably necessary to facilitate the prompt, efficient,  
29 and equitable collection of tax under this chapter.

30       NEW SECTION.   Sec. 710.   RULES. The department may adopt rules  
31 under chapter 34.05 RCW for the administration and enforcement of  
32 this chapter. The rules, to the extent possible without being  
33 inconsistent with this chapter, must follow the internal revenue code  
34 and the regulations and rulings of the United States treasury  
35 department with respect to the federal income tax. The department may  
36 adopt as a part of these rules any portions of the internal revenue

code and United States treasury department regulations and rulings,  
in whole or in part.

NEW SECTION. **Sec. 711.** LOCAL GOVERNMENT PUBLIC DEFENSE FUNDING  
STABILIZATION ACCOUNT. (1) The local government public defense  
funding stabilization account is hereby created in the state  
treasury. All receipts specified under section 202(1)(a) of this act  
must be deposited in the account. Moneys in the account may be spent  
only after appropriation. Expenditures from the account may be used  
only for distributions to counties and cities for public defense  
services consistent with chapter 10.101 RCW. Counties and cities  
receiving funds must comply with the requirements of RCW 10.101.060.

(2) On a quarterly basis, the state treasurer shall distribute  
moneys deposited in the local government public defense funding  
stabilization account as follows:

(a) 10 percent to cities on a pro rata basis, based upon the  
annual number of misdemeanor criminal cases filed in courts under  
each city's jurisdiction, as determined by the office of public  
defense.

(b) The remainder to counties as follows:

(i) Six percent shall be distributed as a base allocation among  
the counties. A county's base allocation is equal to the total amount  
to be distributed under this subsection (2)(b)(i) divided by 39.

(ii) 94 percent shall be distributed as follows:

(A) 40 percent shall be distributed on a pro rata basis to each  
county based on the county's personal income ratio as determined  
under subsection (3) of this section; and

(B) 60 percent shall be distributed on a pro rata basis to each  
county based upon the annual number of criminal cases filed in the  
county superior court as a percentage of the total annual number of  
criminal cases filed in the superior courts of all counties, as  
determined under subsection (5) of this section.

(3) The office of financial management shall calculate each  
county's personal income ratio by December 31, 2028, and December  
31st of each year thereafter, using the most recent annual county  
personal income data published by the federal bureau of economic  
analysis for the state of Washington and notify the state treasurer.  
The updated county personal income ratio applies to county  
distributions in the following calendar year.

1 (4) For the purpose of this section, "county's personal income  
2 ratio" means the personal income of the county divided by the  
3 personal income of the state of Washington, as determined under  
4 subsection (3) of this section.

5 (5) For the purposes of this section, the annual number of  
6 criminal cases filed in the county superior court is determined by  
7 the most recent annual report of the courts of Washington, as  
8 published by the office of the administrator for the courts.

9 (6) For the purposes of this section, the annual number of  
10 misdemeanor criminal cases filed in courts under the city's  
11 jurisdiction is determined by the most recent annual report of the  
12 courts of Washington, as published by the office of the administrator  
13 for the courts.

14 **PART VIII**  
15 **APPLICATION OF TAX TO PUBLIC PENSIONS**

16 **Sec. 801.** RCW 2.10.180 and 2012 c 159 s 17 are each amended to  
17 read as follows:

18 (1) Except as provided in subsections (2), (3), ~~((and))~~ (4), and  
19 (5) of this section, the right of a person to a retirement allowance,  
20 disability allowance, or death benefit, the retirement, disability or  
21 death allowance itself, any optional benefit, any other right accrued  
22 or accruing to any person under the provisions of this chapter, and  
23 the moneys in the fund created under this chapter, are hereby exempt  
24 from any state, county, municipal, or other local tax and shall not  
25 be subject to execution, garnishment, or any other process of law  
26 whatsoever whether the same be in actual possession of the person or  
27 be deposited or loaned.

28 (2) Subsection (1) of this section shall not be deemed to  
29 prohibit a beneficiary of a retirement allowance from authorizing  
30 deductions therefrom for payment of premiums due on any group  
31 insurance policy or plan issued for the benefit of a group comprised  
32 of public employees of the state of Washington.

33 (3) Deductions made in the past from retirement benefits are  
34 hereby expressly recognized, ratified, and affirmed. Future  
35 deductions may only be made in accordance with this section.

36 (4) Subsection (1) of this section shall not prohibit the  
37 department of retirement systems from complying with (a) a wage  
38 assignment order for child support issued pursuant to chapter 26.18



1 RCW, (b) a notice of payroll deduction issued under chapter 26.23  
2 RCW, (c) an order to withhold and deliver issued pursuant to chapter  
3 74.20A RCW, (d) a mandatory benefits assignment order issued pursuant  
4 to chapter 41.50 RCW, (e) a court order directing the department of  
5 retirement systems to pay benefits directly to an obligee under a  
6 dissolution order as defined in RCW 41.50.500(3) which fully complies  
7 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
8 order expressly authorized by federal law.

9 (5) Subsection (1) of this section does not exempt any pension or  
10 other benefit received under this chapter from tax under Title 82A  
11 RCW (the new title created in section 1003 of this act).

12 **Sec. 802.** RCW 2.12.090 and 2012 c 159 s 18 are each amended to  
13 read as follows:

14 (1) Except as provided in subsections (2), (3), (~~(and)~~) (4), and  
15 (5) of this section, the right of any person to a retirement  
16 allowance or optional retirement allowance under the provisions of  
17 this chapter and all moneys and investments and income thereof are  
18 exempt from any state, county, municipal, or other local tax and  
19 shall not be subject to execution, garnishment, attachment, the  
20 operation of bankruptcy or the insolvency laws, or other processes of  
21 law whatsoever whether the same be in actual possession of the person  
22 or be deposited or loaned and shall be unassignable except as herein  
23 specifically provided.

24 (2) Subsection (1) of this section shall not prohibit the  
25 department of retirement systems from complying with (a) a wage  
26 assignment order for child support issued pursuant to chapter 26.18  
27 RCW, (b) a notice of payroll deduction issued under chapter 26.23  
28 RCW, (c) an order to withhold and deliver issued pursuant to chapter  
29 74.20A RCW, (d) a mandatory benefits assignment order issued pursuant  
30 to chapter 41.50 RCW, (e) a court order directing the department of  
31 retirement systems to pay benefits directly to an obligee under a  
32 dissolution order as defined in RCW 41.50.500(3) which fully complies  
33 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
34 order expressly authorized by federal law.

35 (3) Subsection (1) of this section shall not be deemed to  
36 prohibit a beneficiary of a retirement allowance from authorizing  
37 deductions therefrom for payment of premiums due on any group  
38 insurance policy or plan issued for the benefit of a group comprised  
39 of public employees of the state of Washington.

1 (4) Deductions made in the past from retirement benefits are  
2 hereby expressly recognized, ratified, and affirmed. Future  
3 deductions may only be made in accordance with this section.

4 (5) Subsection (1) of this section does not exempt any pension or  
5 other benefit received under this chapter from tax under Title 82A  
6 RCW (the new title created in section 1003 of this act).

7 **Sec. 803.** RCW 6.15.020 and 2011 c 162 s 3 are each amended to  
8 read as follows:

9 (1) It is the policy of the state of Washington to ensure the  
10 well-being of its citizens by protecting retirement income to which  
11 they are or may become entitled. For that purpose generally and  
12 pursuant to the authority granted to the state of Washington under 11  
13 U.S.C. Sec. 522(b)(2), the exemptions in this section relating to  
14 retirement benefits are provided.

15 (2) Unless otherwise provided by federal law, any money received  
16 by any citizen of the state of Washington as a pension from the  
17 government of the United States, whether the same be in the actual  
18 possession of such person or be deposited or loaned, shall be exempt  
19 from execution, attachment, garnishment, or seizure by or under any  
20 legal process whatever, and when a debtor dies, or absconds, and  
21 leaves his or her family any money exempted by this subsection, the  
22 same shall be exempt to the family as provided in this subsection.  
23 This subsection shall not apply to child support collection actions  
24 issued under chapter 26.18, 26.23, or 74.20A RCW, if otherwise  
25 permitted by federal law, or to collection actions for taxes imposed  
26 under Title 82A RCW (the new title created in section 1003 of this  
27 act).

28 (3) The right of a person to a pension, annuity, or retirement  
29 allowance or disability allowance, or death benefits, or any optional  
30 benefit, or any other right accrued or accruing to any citizen of the  
31 state of Washington under any employee benefit plan, and any fund  
32 created by such a plan or arrangement, shall be exempt from  
33 execution, attachment, garnishment, or seizure by or under any legal  
34 process whatever. This subsection shall not apply to child support  
35 collection actions issued under chapter 26.18, 26.23, or 74.20A RCW  
36 if otherwise permitted by federal law, or to collection actions for  
37 taxes imposed under Title 82A RCW (the new title created in section  
38 1003 of this act). This subsection shall permit benefits under any  
39 such plan or arrangement to be payable to a spouse, former spouse,

1 child, or other dependent of a participant in such plan to the extent  
2 expressly provided for in a qualified domestic relations order that  
3 meets the requirements for such orders under the plan, or, in the  
4 case of benefits payable under a plan described in 26 U.S.C. Sec.  
5 403(b) or 408 of the internal revenue code of 1986, as amended, or  
6 section 409 of such code as in effect before January 1, 1984, to the  
7 extent provided in any order issued by a court of competent  
8 jurisdiction that provides for maintenance or support. This  
9 subsection does not prohibit actions against an employee benefit  
10 plan, or fund for valid obligations incurred by the plan or fund for  
11 the benefit of the plan or fund.

12 (4) For the purposes of this section, the term "employee benefit  
13 plan" means any plan or arrangement that is described in RCW  
14 49.64.020, including any Keogh plan, whether funded by a trust or by  
15 an annuity contract, and in 26 U.S.C. Sec. 401(a) or 403(a) of the  
16 internal revenue code of 1986, as amended; or that is a tax-sheltered  
17 annuity or a custodial account described in section 403(b) of such  
18 code or an individual retirement account or an individual retirement  
19 annuity described in section 408 of such code; or a Roth individual  
20 retirement account described in section 408A of such code; or a  
21 medical savings account or a health savings account described in  
22 sections 220 and 223, respectively, of such code; or a retirement  
23 bond described in section 409 of such code as in effect before  
24 January 1, 1984. The term "employee benefit plan" shall not include  
25 any employee benefit plan that is established or maintained for its  
26 employees by the government of the United States, by the state of  
27 Washington under chapter 2.10, 2.12, 41.26, 41.32, 41.34, 41.35,  
28 41.37, 41.40, or 43.43 RCW or RCW 41.50.770, or by any agency or  
29 instrumentality of the government of the United States.

30 (5) An employee benefit plan shall be deemed to be a spendthrift  
31 trust, regardless of the source of funds, the relationship between  
32 the trustee or custodian of the plan and the beneficiary, or the  
33 ability of the debtor to withdraw or borrow or otherwise become  
34 entitled to benefits from the plan before retirement. This subsection  
35 shall not apply to child support collection actions issued under  
36 chapter 26.18, 26.23, or 74.20A RCW, if otherwise permitted by  
37 federal law, or to collection actions for taxes imposed under Title  
38 82A RCW (the new title created in section 1003 of this act). This  
39 subsection shall permit benefits under any such plan or arrangement  
40 to be payable to a spouse, former spouse, child, or other dependent

1 of a participant in such plan to the extent expressly provided for in  
2 a qualified domestic relations order that meets the requirements for  
3 such orders under the plan, or, in the case of benefits payable under  
4 a plan described in 26 U.S.C. Sec. 403(b) or 408 of the internal  
5 revenue code of 1986, as amended, or section 409 of such code as in  
6 effect before January 1, 1984, to the extent provided in any order  
7 issued by a court of competent jurisdiction that provides for  
8 maintenance or support.

9 (6) Unless prohibited by federal law, nothing contained in  
10 subsection (3), (4), or (5) of this section shall be construed as a  
11 termination or limitation of a spouse's community property interest  
12 in an employee benefit plan held in the name of or on account of the  
13 other spouse, who is the participant or the account holder spouse.  
14 Unless prohibited by applicable federal law, at the death of the  
15 nonparticipant, nonaccount holder spouse, the nonparticipant,  
16 nonaccount holder spouse may transfer or distribute the community  
17 property interest of the nonparticipant, nonaccount holder spouse in  
18 the participant or account holder spouse's employee benefit plan to  
19 the nonparticipant, nonaccount holder spouse's estate, testamentary  
20 trust, inter vivos trust, or other successor or successors pursuant  
21 to the last will of the nonparticipant, nonaccount holder spouse or  
22 the law of intestate succession, and that distributee may, but shall  
23 not be required to, obtain an order of a court of competent  
24 jurisdiction, including a nonjudicial binding agreement or order  
25 entered under chapter 11.96A RCW, to confirm the distribution. For  
26 purposes of subsection (3) of this section, the distributee of the  
27 nonparticipant, nonaccount holder spouse's community property  
28 interest in an employee benefit plan shall be considered a person  
29 entitled to the full protection of subsection (3) of this section.  
30 The nonparticipant, nonaccount holder spouse's consent to a  
31 beneficiary designation by the participant or account holder spouse  
32 with respect to an employee benefit plan shall not, absent clear and  
33 convincing evidence to the contrary, be deemed a release, gift,  
34 relinquishment, termination, limitation, or transfer of the  
35 nonparticipant, nonaccount holder spouse's community property  
36 interest in an employee benefit plan. For purposes of this  
37 subsection, the term "nonparticipant, nonaccount holder spouse" means  
38 the spouse of the person who is a participant in an employee benefit  
39 plan or in whose name an individual retirement account is maintained.  
40 As used in this subsection, an order of a court of competent

jurisdiction entered under chapter 11.96A RCW includes an agreement,  
as that term is used under RCW 11.96A.220.

**Sec. 804.** RCW 41.24.240 and 1995 c 11 s 13 are each amended to  
read as follows:

(1) The right of any person to any future payment under the  
provisions of this chapter shall not be transferable or assignable at  
law or in equity, and none of the moneys paid or payable or the  
rights existing under this chapter, shall be subject to execution,  
levy, attachment, garnishment, or other legal process, or to the  
operation of any bankruptcy or insolvency law. This section shall not  
be applicable to any child support collection action taken under  
chapter 26.18, 26.23, or 74.20A RCW. Benefits under this chapter  
shall be payable to a spouse or ex-spouse to the extent expressly  
provided for in any court decree of dissolution or legal separation  
or in any court order or court-approved property settlement agreement  
incident to any court decree of dissolution or legal separation.

(2) Nothing in this chapter shall be construed to deprive any  
participant, eligible to receive a pension hereunder, from receiving  
a pension under any other act to which that participant may become  
eligible by reason of services other than or in addition to his or  
her services under this chapter.

(3) Subsection (1) of this section does not exempt any pension or  
other benefit received under this chapter from tax under Title 82A  
RCW (the new title created in section 1003 of this act).

**Sec. 805.** RCW 41.32.052 and 2012 c 159 s 20 are each amended to  
read as follows:

(1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this  
section, the right of a person to a pension, an annuity, a retirement  
allowance, or disability allowance, to the return of contributions,  
any optional benefit or death benefit, any other right accrued or  
accruing to any person under the provisions of this chapter and the  
moneys in the various funds created by this chapter shall be  
unassignable, and are hereby exempt from any state, county, municipal  
or other local tax, and shall not be subject to execution,  
garnishment, attachment, the operation of bankruptcy or insolvency  
laws, or other process of law whatsoever whether the same be in  
actual possession of the person or be deposited or loaned.

(2) This section shall not be deemed to prohibit a beneficiary of a retirement allowance who is eligible:

(a) Under RCW 41.05.080 from authorizing monthly deductions therefrom for payment of premiums due on any group insurance policy or plan issued for the benefit of a group comprised of public employees of the state of Washington or its political subdivisions;

(b) Under a group health care benefit plan approved pursuant to RCW 28A.400.350 or 41.05.065 from authorizing monthly deductions therefrom, of the amount or amounts of subscription payments, premiums, or contributions to any person, firm, or corporation furnishing or providing medical, surgical, and hospital care or other health care insurance; or

(c) Under this system from authorizing monthly deductions therefrom for payment of dues and other membership fees to any retirement association composed of retired teachers and/or public employees pursuant to a written agreement between the director and the retirement association.

Deductions under (a) and (b) of this subsection shall be made in accordance with rules that may be adopted by the director.

(3) Subsection (1) of this section shall not prohibit the department from complying with (a) a wage assignment order for child support issued pursuant to chapter 26.18 RCW, (b) an order to withhold and deliver issued pursuant to chapter 74.20A RCW, (c) ~~((a notice of payroll deduction))~~ an income withholding order issued pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order issued by the department, (e) a court order directing the department of retirement systems to pay benefits directly to an obligee under a dissolution order as defined in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and 41.50.700, or (f) any administrative or court order expressly authorized by federal law.

(4) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 1003 of this act).

**Sec. 806.** RCW 41.34.080 and 2012 c 159 s 23 are each amended to read as follows:

(1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this section, the right of a person to a pension, an annuity, a retirement allowance, any optional benefit, any other right accrued or accruing to any person under the provisions of this chapter, and the various

1 funds created by chapter 239, Laws of 1995; chapter 341, Laws of  
2 1998; and chapter 247, Laws of 2000 and all moneys and investments  
3 and income thereof, is hereby exempt from any state, county,  
4 municipal, or other local tax, and shall not be subject to execution,  
5 garnishment, attachment, the operation of bankruptcy or insolvency  
6 laws, or other process of law whatsoever, whether the same be in  
7 actual possession of the person or be deposited or loaned and shall  
8 be unassignable.

9 (2) This section shall not be deemed to prohibit a beneficiary of  
10 a retirement allowance from authorizing deductions therefrom for  
11 payment of premiums due on any group insurance policy or plan issued  
12 for the benefit of a group comprised of public employees of the state  
13 of Washington or its political subdivisions and that has been  
14 approved for deduction in accordance with rules that may be adopted  
15 by the state health care authority and/or the department. This  
16 section shall not be deemed to prohibit a beneficiary of a retirement  
17 allowance from authorizing deductions therefrom for payment of dues  
18 and other membership fees to any retirement association or  
19 organization the membership of which is composed of retired public  
20 employees, if a total of three hundred or more of such retired  
21 employees have authorized such deduction for payment to the same  
22 retirement association or organization.

23 (3) Subsection (1) of this section shall not prohibit the  
24 department from complying with (a) a wage assignment order for child  
25 support issued pursuant to chapter 26.18 RCW, (b) an order to  
26 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a  
27 (~~notice of payroll deduction~~) income withholding order issued  
28 pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order  
29 issued by the department, (e) a court order directing the department  
30 to pay benefits directly to an obligee under a dissolution order as  
31 defined in RCW 41.50.500(3) which fully complies with RCW 41.50.670  
32 and 41.50.700, or (f) any administrative or court order expressly  
33 authorized by federal law.

34 (4) Subsection (1) of this section does not exempt any pension or  
35 other benefit received under this chapter from tax under Title 82A  
36 RCW (the new title created in section 1003 of this act).

37 **Sec. 807.** RCW 41.35.100 and 2012 c 159 s 24 are each amended to  
38 read as follows:

1       (1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this  
2 section, the right of a person to a pension, an annuity, or  
3 retirement allowance, any optional benefit, any other right accrued  
4 or accruing to any person under the provisions of this chapter, the  
5 various funds created by this chapter, and all moneys and investments  
6 and income thereof, are hereby exempt from any state, county,  
7 municipal, or other local tax, and shall not be subject to execution,  
8 garnishment, attachment, the operation of bankruptcy or insolvency  
9 laws, or other process of law whatsoever, whether the same be in  
10 actual possession of the person or be deposited or loaned and shall  
11 be unassignable.

12       (2) This section does not prohibit a beneficiary of a retirement  
13 allowance from authorizing deductions therefrom for payment of  
14 premiums due on any group insurance policy or plan issued for the  
15 benefit of a group comprised of public employees of the state of  
16 Washington or its political subdivisions and which has been approved  
17 for deduction in accordance with rules that may be adopted by the  
18 state health care authority and/or the department. This section also  
19 does not prohibit a beneficiary of a retirement allowance from  
20 authorizing deductions therefrom for payment of dues and other  
21 membership fees to any retirement association or organization the  
22 membership of which is composed of retired public employees, if a  
23 total of three hundred or more of such retired employees have  
24 authorized such deduction for payment to the same retirement  
25 association or organization.

26       (3) Subsection (1) of this section does not prohibit the  
27 department from complying with (a) a wage assignment order for child  
28 support issued pursuant to chapter 26.18 RCW, (b) an order to  
29 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) ~~((a~~  
30 ~~notice of payroll deduction))~~ an income withholding order issued  
31 pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order  
32 issued by the department, (e) a court order directing the department  
33 of retirement systems to pay benefits directly to an obligee under a  
34 dissolution order as defined in RCW 41.50.500(3) which fully complies  
35 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
36 order expressly authorized by federal law.

37       (4) Subsection (1) of this section does not exempt any pension or  
38 other benefit received under this chapter from tax under Title 82A  
39 RCW (the new title created in section 1003 of this act).



1       **Sec. 808.** RCW 41.40.052 and 2012 c 159 s 26 are each amended to  
2 read as follows:

3       (1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this  
4 section, the right of a person to a pension, an annuity, or  
5 retirement allowance, any optional benefit, any other right accrued  
6 or accruing to any person under the provisions of this chapter, the  
7 various funds created by this chapter, and all moneys and investments  
8 and income thereof, are hereby exempt from any state, county,  
9 municipal, or other local tax, and shall not be subject to execution,  
10 garnishment, attachment, the operation of bankruptcy or insolvency  
11 laws, or other process of law whatsoever, whether the same be in  
12 actual possession of the person or be deposited or loaned and shall  
13 be unassignable.

14       (2)(a) This section shall not be deemed to prohibit a beneficiary  
15 of a retirement allowance from authorizing deductions therefrom for  
16 payment of premiums due on any group insurance policy or plan issued  
17 for the benefit of a group comprised of public employees of the state  
18 of Washington or its political subdivisions and which has been  
19 approved for deduction in accordance with rules that may be adopted  
20 by the state health care authority and/or the department, and this  
21 section shall not be deemed to prohibit a beneficiary of a retirement  
22 allowance from authorizing deductions therefrom for payment of dues  
23 and other membership fees to any retirement association or  
24 organization the membership of which is composed of retired public  
25 employees, if a total of three hundred or more of such retired  
26 employees have authorized such deduction for payment to the same  
27 retirement association or organization.

28       (b) This section does not prohibit a beneficiary of a retirement  
29 allowance from authorizing deductions from that allowance for  
30 charitable purposes on the same terms as employees and public  
31 officers under RCW 41.04.035 and 41.04.036.

32       (3) Subsection (1) of this section shall not prohibit the  
33 department from complying with (a) a wage assignment order for child  
34 support issued pursuant to chapter 26.18 RCW, (b) an order to  
35 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) ~~((a~~  
36 ~~notice of payroll deduction))~~ an income withholding order issued  
37 pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order  
38 issued by the department, (e) a court order directing the department  
39 of retirement systems to pay benefits directly to an obligee under a  
40 dissolution order as defined in RCW 41.50.500(3) which fully complies

1 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
2 order expressly authorized by federal law.

3 (4) Subsection (1) of this section does not exempt any pension or  
4 other benefit received under this chapter from tax under Title 82A  
5 RCW (the new title created in section 1003 of this act).

6 **Sec. 809.** RCW 41.44.240 and 2012 c 159 s 27 are each amended to  
7 read as follows:

8 (1) The right of a person to a pension, annuity or a retirement  
9 allowance, to the return of contribution, the pension, annuity or  
10 retirement allowance itself, any optional benefit, any other right  
11 accrued or accruing to any person under the provisions of this  
12 chapter, and the moneys in the fund created under this chapter shall  
13 not be subject to execution, garnishment, or any other process  
14 whatsoever whether the same be in actual possession of the person or  
15 be deposited or loaned.

16 (2) This section shall not apply to child support collection  
17 actions taken under chapter 26.18, 26.23, or 74.20A RCW against  
18 benefits payable under any such plan or arrangement. Benefits under  
19 this chapter shall be payable to a spouse or ex-spouse to the extent  
20 expressly provided for in any court decree of dissolution or legal  
21 separation or in any court order or court-approved property  
22 settlement agreement incident to any court decree of dissolution or  
23 legal separation.

24 (3) Subsection (1) of this section does not exempt any pension or  
25 other benefit received under this chapter from tax under Title 82A  
26 RCW (the new title created in section 1003 of this act).

27 **Sec. 810.** RCW 41.26.053 and 2012 c 159 s 21 are each amended to  
28 read as follows:

29 (1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this  
30 section, the right of a person to a retirement allowance, disability  
31 allowance, or death benefit, to the return of accumulated  
32 contributions, the retirement, disability or death allowance itself,  
33 any optional benefit, any other right accrued or accruing to any  
34 person under the provisions of this chapter, and the moneys in the  
35 fund created under this chapter, are hereby exempt from any state,  
36 county, municipal, or other local tax and shall not be subject to  
37 execution, garnishment, attachment, the operation of bankruptcy or  
38 insolvency laws, or any other process of law whatsoever, whether the

1 same be in actual possession of the person or be deposited or loaned  
2 and shall be unassignable.

3 (2) On the written request of any person eligible to receive  
4 benefits under this section, the department may deduct from such  
5 payments the premiums for life, health, or other insurance. The  
6 request on behalf of any child or children shall be made by the legal  
7 guardian of such child or children. The department may provide for  
8 such persons one or more plans of group insurance, through contracts  
9 with regularly constituted insurance carriers or health care service  
10 contractors.

11 (3) Subsection (1) of this section shall not prohibit the  
12 department from complying with (a) a wage assignment order for child  
13 support issued pursuant to chapter 26.18 RCW, (b) an order to  
14 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) (~~a~~  
15 ~~notice of payroll deduction~~) an income withholding order issued  
16 pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order  
17 issued by the department, (e) a court order directing the department  
18 of retirement systems to pay benefits directly to an obligee under a  
19 dissolution order as defined in RCW 41.50.500(3) which fully complies  
20 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
21 order expressly authorized by federal law.

22 (4) Subsection (1) of this section does not exempt any pension or  
23 other benefit received under this chapter from tax under Title 82A  
24 RCW (the new title created in section 1003 of this act).

25 **Sec. 811.** RCW 43.43.310 and 2012 c 159 s 28 are each amended to  
26 read as follows:

27 (1) Except as provided in subsections (2) (~~and~~), (3), and (4)  
28 of this section, the right of any person to a retirement allowance or  
29 optional retirement allowance under the provisions hereof and all  
30 moneys and investments and income thereof are exempt from any state,  
31 county, municipal, or other local tax and shall not be subject to  
32 execution, garnishment, attachment, the operation of bankruptcy or  
33 the insolvency laws, or other processes of law whatsoever, whether  
34 the same be in actual possession of the person or be deposited or  
35 loaned and shall be unassignable except as herein specifically  
36 provided.

37 (2) Subsection (1) of this section shall not prohibit the  
38 department of retirement systems from complying with (a) a wage  
39 assignment order for child support issued pursuant to chapter 26.18

1 RCW, (b) an order to withhold and deliver issued pursuant to chapter  
2 74.20A RCW, (c) ~~((a notice of payroll deduction))~~ an income  
3 withholding order issued pursuant to RCW 26.23.060, (d) a mandatory  
4 benefits assignment order issued pursuant to chapter 41.50 RCW, (e) a  
5 court order directing the department of retirement systems to pay  
6 benefits directly to an obligee under a dissolution order as defined  
7 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
8 41.50.700, or (f) any administrative or court order expressly  
9 authorized by federal law.

10 (3) Subsection (1) of this section shall not be deemed to  
11 prohibit a beneficiary of a retirement allowance from authorizing  
12 deductions therefrom for payment of premiums due on any group  
13 insurance policy or plan issued for the benefit of a group comprised  
14 of members of the Washington state patrol or other public employees  
15 of the state of Washington, or for contributions to the Washington  
16 state patrol memorial foundation.

17 (4) Subsection (1) of this section does not exempt any pension or  
18 other benefit received under this chapter from tax under Title 82A  
19 RCW (the new title created in section 1003 of this act).

20 **PART IX**  
21 **TAX RELIEF**

22 **Sec. 901.** RCW 82.08.0206 and 2024 c 3 s 1 are each amended to  
23 read as follows:

24 (1) A working families' tax credit, funded by sales and use tax  
25 imposed, is provided to eligible low-income persons for calendar  
26 years beginning on or after January 1, 2022. The credit is refundable  
27 and is calculated as provided in this section.

28 (2) For purposes of the credit in this section, the following  
29 definitions apply:

30 (a)(i) "Eligible low-income person" means an individual who:

31 (A) Is eligible for the credit provided in Title 26 U.S.C. Sec.  
32 32 of the internal revenue code;

33 (B) Properly files a federal income tax return for the prior  
34 federal tax year, and was a Washington resident during the year for  
35 which the credit is claimed; and

36 (C) Has paid either retail sales tax under this chapter or use  
37 tax under chapter 82.12 RCW, or both. There is a rebuttable  
38 presumption that a person paid either retail sales tax under this

chapter or use tax under chapter 82.12 RCW, or both, if they were a Washington resident during the year for which the credit is claimed.

(ii) "Eligible low-income person" also means an individual who meets the requirements provided in (a)(i)(B) of this subsection and would otherwise qualify for the credit provided in Title 26 U.S.C. Sec. 32 of the internal revenue code except that one or any combination of the following conditions apply:

(A) The individual filed a federal income tax return for the prior federal tax year using a valid individual taxpayer identification number in lieu of a social security number, and the individual's spouse, if any, and all qualifying children, if any, have a valid individual taxpayer identification number or a social security number; ~~((or))~~

(B) The individual filed their federal income tax return for the prior federal tax year under the married filing separately status. For purposes of the refund provided in this section, the special rule for separated spouse under Title 26 U.S.C. Sec. 32(d)(2)(B) of the internal revenue code does not apply; or

(C) The individual does not meet the age requirement under Title 26 U.S.C. Sec. 32(c)(1)(A)(ii)(II) of the internal revenue code, but is at least age 18 by the end of the prior federal tax year.

(b) "Income" means earned income as defined by Title 26 U.S.C. Sec. 32 of the internal revenue code.

(c) "Individual" means an individual or an individual and that individual's spouse if they file a federal joint income tax return.

(d) "Internal revenue code" means the United States internal revenue code of 1986, as amended, as of June 9, 2022, or such subsequent date as the department may provide by rule consistent with the purpose of this section.

(e) "Maximum qualifying income" means the maximum federally adjusted gross income for the prior federal tax year.

(f) "Qualifying child" means a qualifying child as defined by Title 26 U.S.C. Sec. 32 of the internal revenue code, except the child may have a valid individual taxpayer identification number in lieu of a social security number.

(g) "Washington resident" means an individual who is physically present and residing in this state for at least 183 days. "Washington resident" also includes an individual who is not physically present and residing in this state for at least 183 days but is the spouse of

1 a Washington resident. For purposes of this subsection, "day" means a  
2 calendar day or any portion of a calendar day.

3 (3) (a) Except as provided in (b) and (c) of this subsection, for  
4 calendar year 2023 and thereafter, the working families' tax credit  
5 refund amount for the prior calendar year is:

- 6 (i) \$300 for eligible persons with no qualifying children;  
7 (ii) \$600 for eligible persons with one qualifying child;  
8 (iii) \$900 for eligible persons with two qualifying children; or  
9 (iv) \$1,200 for eligible persons with three or more qualifying  
10 children.

11 (b) Except as provided in (f) of this subsection, the refund  
12 amounts provided in (a) of this subsection will be reduced, rounded  
13 to the nearest dollar, as follows:

14 (i) For eligible persons with no qualifying children, beginning  
15 at \$2,500 of income below the federal phase-out income for the prior  
16 federal tax year, by 18 percent per additional dollar of income until  
17 the minimum credit amount as specified in (c) of this subsection is  
18 reached.

19 (ii) For eligible persons with one qualifying child, beginning at  
20 \$5,000 of income below the federal phase-out income for the prior  
21 federal tax year, by 12 percent per additional dollar of income until  
22 the minimum credit amount as specified in (c) of this subsection is  
23 reached.

24 (iii) For eligible persons with two qualifying children,  
25 beginning at \$5,000 of income below the federal phase-out income for  
26 the prior federal tax year, by 15 percent per additional dollar of  
27 income until the minimum credit amount as specified in (c) of this  
28 subsection is reached.

29 (iv) For eligible persons with three or more qualifying children,  
30 beginning at \$5,000 of income below the federal phase-out income for  
31 the prior federal tax year, by 18 percent per additional dollar of  
32 income until the minimum credit amount as specified in (c) of this  
33 subsection is reached.

34 (c) If the refund for an eligible person as calculated in this  
35 section is greater than zero cents, but less than \$50, the refund  
36 amount is \$50.

37 (d) The refund amounts in this section shall be adjusted for  
38 inflation every year beginning January 1, 2024, based upon changes in  
39 the consumer price index that are published by November 15th of the

1 previous year for the most recent 12-month period. The adjusted  
2 refund amounts must be rounded to the nearest \$5.

3 (e) For purposes of this section, "consumer price index" means,  
4 for any 12-month period, the average consumer price index for that  
5 12-month period for the Seattle, Washington area for urban wage  
6 earners and clerical workers, all items, compiled by the bureau of  
7 labor statistics, United States department of labor.

8 (f) The percentage rate of remittance reductions in (b) of this  
9 subsection must be adjusted every year beginning January 1, 2023,  
10 based on calculations by the department that result in the minimum  
11 credit being received at the maximum qualifying income level.

12 (4) The working families' tax credit shall be administered as  
13 provided in this subsection.

14 (a) The refund paid under this section will be paid to eligible  
15 filers who apply pursuant to this subsection.

16 (i) Application must be made to the department in a form and  
17 manner determined by the department. If the application process is  
18 initially done electronically, the department must provide a paper  
19 application upon request. The application must include any  
20 information and documentation as required by the department. The  
21 department may use the information provided by the individual to  
22 calculate the refund amount. Income reported on the application may  
23 be rounded to the nearest dollar.

24 (ii) An individual applying for the credit under this section  
25 must keep records necessary for the department to verify eligibility  
26 under this section. Any information provided by the individual is  
27 subject to audit verification by the department.

28 (iii) In addition to information provided on the application, the  
29 department may verify that an individual qualifies as a Washington  
30 resident through the use of automated verification tools or other  
31 reasonable means.

32 (iv) (A) Except as provided in (a) (iv) (B) of this subsection (4),  
33 application for a refund under this section must be made in the year  
34 following the year for which the federal tax return was filed, but in  
35 no case may any refund be provided for any period before January 1,  
36 2022.

37 (B) (I) A person may apply for any refund for which they were  
38 eligible but did not claim under (a) (iv) (A) of this subsection (4)  
39 for up to three additional years. A person must complete an  
40 application to claim this refund within the three calendar years

1 after the end of the calendar year in which the federal income tax  
2 return for that tax year was legally due for federal income tax  
3 purposes, without regard to any federal extension.

4 (II) If a person seeks to increase the amount of a refund that  
5 has been made under this subsection (4), the person must apply for  
6 the amended refund within the nonclaims period established under RCW  
7 82.32.060(1).

8 (v) A person may not claim a credit on behalf of a deceased  
9 individual. No individual may claim a credit under this section for  
10 any year in a disallowance period under Title 26 U.S.C. Sec. 32(k)(1)  
11 of the internal revenue code or for any year for which the individual  
12 is ineligible to claim the credit in Title 26 U.S.C. Sec. 32 of the  
13 internal revenue code by reason of Title 26 U.S.C. Sec. 32(k)(2) of  
14 the internal revenue code.

15 (b) The department shall protect the privacy and confidentiality  
16 of personal data of refund recipients in accordance with chapter  
17 82.32 RCW.

18 (c) The department shall, in conjunction with other agencies or  
19 organizations, design and implement a public information campaign to  
20 inform potentially eligible persons of the existence of, and  
21 requirements for, the credit provided in this section.

22 (d) The department must work with the internal revenue service of  
23 the United States to administer the credit on an automatic basis as  
24 soon as practicable.

25 (5) Receipt of a refund under this section may not be used in  
26 eligibility determinations for any state income support programs or  
27 in making public charge determinations.

28 (6) The department may adopt rules necessary to implement this  
29 section. This includes establishing a date by which applications will  
30 be accepted, with the aim of accepting applications as soon as  
31 possible.

32 (7) The department must review the application and determine  
33 eligibility for the working families' tax credit based on information  
34 provided by the applicant and through audit and other administrative  
35 records, including, when it deems it necessary, verification through  
36 information from the internal revenue service of the United States,  
37 other federal agencies, Washington state agencies, third-party  
38 entities, or other persons. The department may accept a signed  
39 attestation in a form and manner determined by the department from an  
40 individual to presumptively validate that an individual meets all the



1 eligibility requirements as provided in this section. The signed  
2 attestation is subject to audit verification by the department to  
3 validate an individual's eligibility for the working families' tax  
4 credit.

5 (8) If, upon review of internal revenue service data or other  
6 information obtained by the department, it appears that an individual  
7 received a refund that the individual was not entitled to, or  
8 received a larger refund than the individual was entitled to, the  
9 department may assess against the individual the overpaid amount. The  
10 department may also assess such overpaid amount against the  
11 individual's spouse if the refund in question was based on both  
12 spouses filing a joint federal income tax return for the year for  
13 which the refund was claimed.

14 (a) Interest as provided under RCW 82.32.050 applies to  
15 assessments authorized under this subsection (8) starting six months  
16 after the date the department issued the assessment until the amount  
17 due under this subsection (8) is paid in full to the department.  
18 Except as otherwise provided in this subsection, penalties may not be  
19 assessed on amounts due under this subsection.

20 (b) If an amount due under this subsection is not paid in full by  
21 the date due, or the department issues a warrant for the collection  
22 of amounts due under this subsection, the department may assess the  
23 applicable penalties under RCW 82.32.090. Penalties under this  
24 subsection (8)(b) may not be made due until six months after the  
25 department's issuance of the assessment.

26 (c) If the department finds by clear, cogent, and convincing  
27 evidence that an individual knowingly submitted, caused to be  
28 submitted, or consented to the submission of, a fraudulent claim for  
29 refund under this section, the department must assess a penalty of 50  
30 percent of the overpaid amount. This penalty is in addition to any  
31 other applicable penalties assessed in accordance with (b) of this  
32 subsection (8).

33 (9) If, within the period allowed for refunds under RCW  
34 82.32.060, the department finds that an individual received a lesser  
35 refund than the individual was entitled to, the department must remit  
36 the additional amount due under this section to the individual.

37 (10) Interest does not apply to refunds provided under this  
38 section.

39 (11) Chapter 82.32 RCW applies to the administration of this  
40 section.

1       **Sec. 902.**   2023 c 456 s 3 (uncodified) is amended to read as  
2 follows:

3       (1) This section is the tax preference performance statement for  
4 the tax preference contained in section 2, chapter 195, Laws of 2021  
5 (~~and~~), section 1, chapter 456, Laws of 2023, and section 901,  
6 chapter . . . , Laws of 2026 (section 901 of this act). This  
7 performance statement is only intended to be used for subsequent  
8 evaluation of the tax preference. It is not intended to create a  
9 private right of action by any party or be used to determine  
10 eligibility for the preferential tax treatment.

11       (2) The legislature categorizes this tax preference as one  
12 intended to provide tax relief for certain individuals as indicated  
13 in RCW 82.32.808(2)(e).

14       (3) It is the legislature's specific public policy objective to  
15 allow low-income and middle-income workers to recover some or all of  
16 the sales tax they pay to support state and local government as a way  
17 to increase their economic security and to decrease the regressivity  
18 of our state tax code. It is the legislature's intent to provide a  
19 sales and use tax credit, in the form of a remittance, to low-income  
20 and middle-income working families.

21       (4) The joint legislative audit and review committee shall review  
22 this preference in 2028 and every 10 years thereafter. If a review  
23 finds that the working families' tax credit does not provide  
24 meaningful financial relief to low-income and middle-income  
25 households, RCW 82.08.0206 expires at the end of the calendar year  
26 two years after the adoption of the final report containing that  
27 finding. The joint legislative audit and review committee shall  
28 provide written notice of the expiration date of RCW 82.08.0206 to  
29 the department of revenue, the chief clerk of the house of  
30 representatives, the secretary of the senate, the office of the code  
31 reviser, and others as deemed appropriate by the joint legislative  
32 audit and review committee. In its review of the program, the joint  
33 legislative audit and review committee should use at least the  
34 following metrics: Size of the benefit per household, number of  
35 household beneficiaries statewide, and demographic information of  
36 beneficiaries to include family size, income level, race and  
37 ethnicity, and geographic location.(5) In order to obtain the data  
38 necessary to perform the review in subsection (4) of this section,  
39 the joint legislative audit and review committee may refer to the  
40 remittance data prepared by the department of revenue.

1        NEW SECTION.    **Sec. 903.**    A new section is added to chapter 82.08  
2    RCW to read as follows:

3        (1) Beginning January 1, 2029, the tax levied by RCW 82.08.020  
4    does not apply to the sales of grooming and hygiene products.

5        (2) For the purpose of this section, "grooming and hygiene  
6    products" means soaps and cleaning solutions, shampoo, toothpaste,  
7    mouthwash, antiperspirants, and sun tan lotions and screens,  
8    regardless of whether the item meets the definition of "over-the-  
9    counter drug," as defined in RCW 82.08.0281.

10       NEW SECTION.    **Sec. 904.**    A new section is added to chapter 82.12  
11    RCW to read as follows:

12       (1) Beginning January 1, 2029, the tax levied by RCW 82.12.020  
13    does not apply to the use of grooming and hygiene products.

14       (2) For purposes of this section, "grooming and hygiene products"  
15    has the same meaning as provided in section 903 of this act.

16       **Sec. 905.**    RCW 82.04.4451 and 2022 c 295 s 1 are each amended to  
17    read as follows:

18       (1) In computing the tax imposed under this chapter, a credit is  
19    allowed against the amount of tax otherwise due under this chapter,  
20    as provided in this section. Except for taxpayers that report at  
21    least 50 percent of their taxable amount under RCW 82.04.255,  
22    82.04.290(2)(a), and 82.04.285, the maximum credit for a taxpayer for  
23    a reporting period is (~~(\$55)~~) \$125 multiplied by the number of months  
24    in the reporting period, as determined under RCW 82.32.045. For a  
25    taxpayer that reports at least 50 percent of its taxable amount under  
26    RCW 82.04.255, 82.04.290(2)(a), and 82.04.285, the maximum credit for  
27    a reporting period is (~~(\$160)~~) \$375 multiplied by the number of  
28    months in the reporting period, as determined under RCW 82.32.045.

29       (2) When the amount of tax otherwise due under this chapter is  
30    equal to or less than the maximum credit, a credit is allowed equal  
31    to the amount of tax otherwise due under this chapter.

32       (3) When the amount of tax otherwise due under this chapter  
33    exceeds the maximum credit, a reduced credit is allowed equal to  
34    twice the maximum credit, minus the tax otherwise due under this  
35    chapter, but not less than zero.

36       (4) The department may prepare a tax credit table consisting of  
37    tax ranges using increments of no more than five dollars and a  
38    corresponding tax credit to be applied to those tax ranges. The table

1 shall be prepared in such a manner that no taxpayer will owe a  
2 greater amount of tax by using the table than would be owed by  
3 performing the calculation under subsections (1) through (3) of this  
4 section. A table prepared by the department under this subsection  
5 must be used by all taxpayers in taking the credit provided in this  
6 section.

7       **Sec. 906.** RCW 82.32.045 and 2023 c 374 s 12 are each amended to  
8 read as follows:

9       (1) Except as otherwise provided in this chapter and subsection  
10 (6) of this section, payments of the taxes imposed under chapters  
11 82.04, 82.08, 82.12, 82.14, 82.16, and 82.27 RCW, along with reports  
12 and returns on forms prescribed by the department, are due monthly  
13 within 25 days after the end of the month in which the taxable  
14 activities occur.

15       (2) The department of revenue may relieve any taxpayer or class  
16 of taxpayers from the obligation of remitting monthly and may require  
17 the return to cover other longer reporting periods, but in no event  
18 may returns be filed for a period greater than one year. Except as  
19 provided in subsection (3) of this section, for these taxpayers, tax  
20 payments are due on or before the last day of the month next  
21 succeeding the end of the period covered by the return.

22       (3) For annual filers, tax payments, along with reports and  
23 returns on forms prescribed by the department, are due on or before  
24 April 15th of the year immediately following the end of the period  
25 covered by the return.

26       (4) The department of revenue may also require verified annual  
27 returns from any taxpayer, setting forth such additional information  
28 as it may deem necessary to correctly determine tax liability.

29       (5) Notwithstanding subsections (1) and (2) of this section, the  
30 department may relieve any person of the requirement to file returns  
31 if the following conditions are met:

32       (a) The person's value of products, gross proceeds of sales, or  
33 gross income of the business, from all business activities taxable  
34 under chapter 82.04 RCW, is less than (~~(\$125,000)~~) \$250,000 per year;

35       (b) The person's gross income of the business from all activities  
36 taxable under chapter 82.16 RCW is less than \$24,000 per year; and

37       (c) The person is not required to collect or pay to the  
38 department of revenue any other tax or fee which the department is  
39 authorized to collect.

1 (6) (a) Taxes imposed under chapter 82.08 or 82.12 RCW on taxable  
2 events that occur beginning January 1, 2019, through June 30, 2019,  
3 and payable by a consumer directly to the department are due, on  
4 returns prescribed by the department, by July 25, 2019.

5 (b) This subsection (6) does not apply to the reporting and  
6 payment of taxes imposed under chapters 82.08 and 82.12 RCW:

7 (i) On the retail sale or use of motor vehicles, vessels, or  
8 aircraft; or

9 (ii) By consumers who are engaged in business, unless the  
10 department has relieved the consumer of the requirement to file  
11 returns pursuant to subsection (5) of this section.

12 **Sec. 907.** RCW 82.04.288 and 2025 c 420 s 201 are each amended to  
13 read as follows:

14 (1) Beginning January 1, 2026, in addition to all other taxes  
15 imposed under this chapter, persons must pay a surcharge on  
16 Washington taxable income over \$250,000,000 in a calendar year.

17 (2) The rate of the tax is 0.5 percent of the amount of  
18 Washington taxable income over \$250,000,000.

19 (3) (a) Any Washington taxable income subject to the tax in RCW  
20 82.04.29004 is exempt from the surcharge imposed in this section.

21 (b) (i) Any Washington taxable income subject to the manufacturing  
22 tax rates in RCW 82.04.240, 82.04.2404, 82.04.241, 82.04.260,  
23 82.04.2602, 82.04.287, 82.04.2909, or 82.04.294(1) is exempt from the  
24 surcharge imposed in this section.

25 (ii) Any Washington taxable income attributable to the wholesale  
26 or retail sale of products so manufactured by a person subject to the  
27 manufacturing tax rates specified in (b) (i) of this subsection (3) is  
28 exempt from the surcharge imposed in this section.

29 (iii) Any Washington taxable income attributable to retail sales  
30 that are exempt from the imposition of sales tax in RCW 82.08.0293,  
31 82.08.0297, and 82.08.0281 is exempt from the surcharge imposed in  
32 this section.

33 (iv) Any Washington taxable income subject to the tax rates in  
34 RCW 82.04.260(12) is exempt from the surcharge imposed in this  
35 section.

36 (v) Any Washington taxable income attributable to the wholesale  
37 or retail sale of petroleum products by a person who is both located  
38 in a state other than Washington and the owner of such materials  
39 processed for it in Washington by an affiliated processor for hire

subject to the rate in RCW 82.04.280(1)(c), is exempt from the surcharge imposed in this section. For the purposes of this subsection (3)(b)(v), the following definitions apply:

(A) "Affiliated" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person;

(B) "Control" means the possession, directly or indirectly, of more than 50 percent of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise; and

(C) "Petroleum product" has the same meaning as in RCW 82.21.020.

(4)(a) The surcharge imposed under this section does not apply to taxable income for which a credit is allowed under RCW 82.04.440.

(b) The surcharge imposed under this section does not apply to a person engaged in business primarily as a farmer or eligible apiarist as defined in RCW 82.04.213.

(c) The surcharge imposed under this section does not apply to a person subject to the tax imposed pursuant to RCW 82.04.299.

(d) The surcharge imposed under this section does not apply to taxable income for wholesale and retail transactions of fuel as defined in RCW 82.38.020.

(5) Any income that is exempt from the surcharge imposed under this section is not included in the calculation of Washington taxable income in subsection (1) of this section.

(6) This section expires December 31, ((2029)) 2028.

NEW SECTION. **Sec. 908.** Sections 905 and 906 of this act apply to taxes initially due and payable on or after January 1, 2029.

## **PART X**

### **MISCELLANEOUS**

**Sec. 1001.** RCW 1.90.100 and 2024 c 5 s 1 (Initiative Measure No. 2111) are each amended to read as follows:

(1) Neither the state nor any county, city, or other local jurisdiction in the state of Washington may tax any individual person on any form of personal income. For the purposes of this chapter, "income" has the same meaning as "gross income" in 26 U.S.C. Sec. 61.

1       (2) Subsection (1) of this section does not apply to the tax  
2 authorized in chapter 82A.--- RCW (the new chapter created in section  
3 1003 of this act).

4       NEW SECTION.   Sec. 1002.   NULL AND VOID. If a court of final  
5 jurisdiction invalidates section 201 of this act, this act is null  
6 and void in its entirety.

7       NEW SECTION.   Sec. 1003.   CODIFICATION. Sections 101 through 704  
8 and 708 through 711 of this act constitute a new chapter in a new  
9 title in the Revised Code of Washington, to be codified as Title 82A  
10 RCW.

11       NEW SECTION.   Sec. 1004.   CONFORMING AMENDMENTS. If any  
12 amendments in this act, or any sections enacted or affected by  
13 chapter . . ., Laws of 2026 (this act), are enacted in a 2026  
14 legislative session that do not take cognizance of chapter . . .,  
15 Laws of 2026 (this act), the code reviser must prepare a bill for  
16 introduction in the 2027 or 2028 legislative session that  
17 incorporates any such amendments into the reorganization adopted by  
18 chapter . . ., Laws of 2026 (this act) and corrects any incorrect  
19 cross-references.

20       NEW SECTION.   Sec. 1005.   (1) Section 901 of this act takes  
21 effect January 1, 2029.

22       (2) Refunds may not be provided under section 901 of this act for  
23 any period before January 1, 2028.

24       NEW SECTION.   Sec. 1006.   Except as provided in section 902 of  
25 this act, RCW 82.32.805 and 82.32.808 do not apply to this act.

26       NEW SECTION.   Sec. 1007.   The tax imposed in this act is  
27 necessary for the support of the state government and its existing  
28 public institutions.

29       NEW SECTION.   Sec. 1008.   It is the intent of the legislature for  
30 the department of revenue to spend appropriated amounts to implement  
31 this act regardless of litigation.

--- END ---