
Finance Committee

ESB 6347

Brief Description: Undoing certain changes to the estate tax.

Sponsors: Senators Kauffman, Slatter, Dhingra and Liias.

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| <p>Brief Summary of Engrossed Bill</p> <ul style="list-style-type: none">• Modifies the estate tax rates to a range of 10 percent to 20 percent for Washington taxable estates of decedents dying on or after July 1, 2026. |
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Hearing Date: 2/26/26

Staff: Tracey Taylor (786-7152).

Background:

Washington Estate Tax.

Washington does not have an inheritance tax. However, Washington does have an estate tax. In general terms, an inheritance tax is a tax on the beneficiaries of an estate, whereas an estate tax is a tax on the decedent's estate. If you are a person living in Washington who inherits property or money, you do not owe Washington taxes on your inheritance. The estate tax is a tax on the right to transfer property at the time of death. A person residing in Washington or a non-resident who owns property in Washington may owe an estate tax depending on the value of their estate.

The executor for a decedent's estate is required to file an estate tax return if the gross estate meets the filing threshold for the date of death. The current threshold amount is \$3.076 million. If the total gross estate is below the filing threshold, no estate tax return needs to be filed. If the total gross estate is above the filing threshold, an estate tax return must be filed even if no tax would be due. If a Washington return is required to be filed and a federal estate tax return is filed, a copy of the federal return must be included with the Washington estate tax filing.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

All assets owned by the decedent on the date of death should be included in the estate. All assets, even if located in another state, should be reported on the estate tax return as part of the gross estate.

Exclusion Amount.

The adjusted taxable estate is the value of the estate after all deductions and adjustments are made. The applicable exclusion amount is an amount deducted from the adjusted taxable estate prior to calculating estate tax due. The exclusion amount is adjusted annually using the Consumer Price Index for the Seattle metropolitan area. The current exclusion amount is \$3.076 million.

In 2025, the Legislature adjusted the estate tax rate for decedents dying on or after July 1, 2025. The following table summarizes the new rates for a Washington taxable estate:

| Washington Taxable Estate Value | Dying on or after January 1, 2014, but prior to July 1, 2025 | Dying on or after July 1, 2025 |
|--|---|---------------------------------------|
| \$0 to \$1,000,000 | 10% | 10% |
| \$1,000,000 to \$2,000,000 | 14% | 15% |
| \$2,000,000 to \$3,000,000 | 15% | 17% |
| \$3,000,000 to \$4,000,000 | 16% | 19% |
| \$4,000,000 to \$6,000,000 | 18% | 23% |
| \$6,000,000 to \$7,000,000 | 19% | 26% |
| \$7,000,000 to \$9,000,000 | 19.5% | 30% |
| \$9,000,000 and up | 20% | 35% |

Tax Revenues Dedicated to the Education Legacy Trust Account.

The Education Legacy Trust Account (ELTA) is used to fund kindergarten through grade 12 and higher education purposes as well as childcare and early learning programs. The proceeds of the estate tax are deposited into the ELTA.

Summary of Bill:

The rate increases for the estate tax enacted in 2025 are reduced to previous levels beginning with decedents dying on or after July 1, 2026. The rates are as follows:

| Washington Taxable Estate Value | Dying on or after July 1, 2025, but before July 1, 2026 | Dying on or after July 1, 2026 |
|--|--|---------------------------------------|
| \$0 to \$1,000,000 | 10% | 10% |
| \$1,000,000 to \$2,000,000 | 15% | 14% |

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|----------------------------|-----|-------|
| \$2,000,000 to \$3,000,000 | 17% | 15% |
| \$3,000,000 to \$4,000,000 | 19% | 16% |
| \$4,000,000 to \$6,000,000 | 23% | 18% |
| \$6,000,000 to \$7,000,000 | 26% | 19% |
| \$7,000,000 to \$9,000,000 | 30% | 19.5% |
| \$9,000,000 and up | 35% | 20% |

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.