

HOUSE BILL REPORT

ESB 6347

As Reported by House Committee On:
Finance

Title: An act relating to undoing certain changes to the estate tax.

Brief Description: Undoing certain changes to the estate tax.

Sponsors: Senators Kauffman, Slatter, Dhingra and Liias.

Brief History:

Committee Activity:

Finance: 2/26/26, 3/2/26 [DPA].

Brief Summary of Engrossed Bill
(As Amended by Committee)

- Returns the estate tax exclusion amount and tax rates to what applied prior to the enactment of Chapter 421, Laws of 2025, Engrossed Substitute Senate Bill 5813.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 9 members: Representatives Berg, Chair; Street, Vice Chair; Mena, Ramel, Santos, Springer, Walen, Wylie and Zahn.

Minority Report: Without recommendation. Signed by 6 members: Representatives Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Abell, Chase, Penner and Scott.

Staff: Tracey Taylor (786-7152).

Background:

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.

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 nonresident 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.

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 (CPI) 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 million	10 percent	10 percent
\$1 million to \$2 million	14 percent	15 percent
\$2 million to \$3 million	15 percent	17 percent
\$3 million to \$4 million	16 percent	19 percent
\$4 million to \$6 million	18 percent	23 percent
\$6 million to \$7 million	19 percent	26 percent
\$7 million to \$9 million	19.5 percent	30 percent
\$9 million and up	20 percent	35 percent

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 Amended Bill:

The exclusion amount for the estate tax is restored to \$2.193 million for the estates of decedents dying on or after July 1, 2026. The inflation adjustment is linked to the CPI for the Seattle-Tacoma-Bremerton area.

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 million	10 percent	10 percent
\$1 million to \$2 million	15 percent	14 percent
\$2 million to \$3 million	17 percent	15 percent
\$3 million to \$4 million	19 percent	16 percent
\$4 million to \$6 million	23 percent	18 percent
\$6 million to \$7 million	26 percent	19 percent
\$7 million to \$9 million	30 percent	19.5 percent
\$9 million and up	35 percent	20 percent

Amended Bill Compared to Engrossed Bill:

The exclusion amount is restored to \$2.193 million, and the inflation adjustment is linked to the CPI index for the Seattle-Tacoma-Bremerton area.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 2, 2026.

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

Staff Summary of Public Testimony:

(In support) Last year's tax rate increased significantly and there are taxpayers that are considering leaving the state as a result. This bill is a straightforward adjustment to restore the prior rate structure.

Family business inheritance issues expose the challenges to having to pay estate tax when there is not the liquidity to pay the excessive tax. Very few businesses can pay a graduated rate up to 35 percent, and the changes enacted last year will force the sale of a family business.

(Opposed) This bill is a favor to the children of oligarchs. The smaller estates were pulled out of the estate tax by changing the exclusion amount. Right now, there are cuts to education and early learning. This bill takes more money from those programs. The only capital flight risks are those who are disablers of democracy.

According to data, only 35 Washington estates in excess of \$10 million have been taxed in the past 10 years. There is one example of a person who moved out of state; however, the person did not move all their assets out of state. Wealthy people have their own social systems and are less likely to move than the poor who are moving out of state for work.

If the Legislature is looking at rolling back the estate tax changes, an amendment should be made to also reduce the exclusion.

Persons Testifying: (In support) Senator Claudia Kauffman, prime sponsor; and Tim Overland, Nelson Legacy Group LLC.

(Opposed) John Burbank; Rian Watt, Economic Opportunity Institute; Lily Storbeck; and Mia Shigemura, Washington State Budget and Policy Center.

Persons Signed In To Testify But Not Testifying: None.