
SENATE BILL 6581

State of Washington

66th Legislature

2020 Regular Session

By Senators Lovelett, Nguyen, Saldaña, and Wilson, C.

Read first time 01/23/20. Referred to Committee on Ways & Means.

1 AN ACT Relating to funding youth health care access and
2 affordability, housing affordability, and wages for child care
3 providers through a more progressive estate tax rate structure;
4 amending RCW 83.100.040 and 83.100.230; reenacting and amending RCW
5 83.100.020; creating a new section; and providing an effective date.

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

7 **Sec. 1.** RCW 83.100.020 and 2013 2nd sp.s. c 2 s 2 are each
8 reenacted and amended to read as follows:

9 The definitions in this section apply throughout this chapter
10 unless the context clearly requires otherwise.

11 (1)(a) "Applicable exclusion amount" means:

12 (i) One million five hundred thousand dollars for decedents dying
13 before January 1, 2006;

14 (ii) Two million dollars for estates of decedents dying on or
15 after January 1, 2006, and before January 1, 2014; (~~and~~)

16 (iii) For estates of decedents dying (~~in calendar year 2014 and~~
17 ~~each calendar year thereafter~~) on or after January 1, 2014, and

18 before July 1, 2020, the amount in (a)(ii) of this subsection must be
19 adjusted annually, except as otherwise provided in this subsection

20 (1)(a)(iii). The annual adjustment is determined by multiplying two
21 million dollars by one plus the percentage by which the most recent

1 October consumer price index exceeds the consumer price index for
2 October 2012, and rounding the result to the nearest one thousand
3 dollars. No adjustment is made for a calendar year if the adjustment
4 would result in the same or a lesser applicable exclusion amount than
5 the applicable exclusion amount for the immediately preceding
6 calendar year. The applicable exclusion amount under this subsection
7 (1)(a)(iii) for the decedent's estate is the applicable exclusion
8 amount in effect as of the date of the decedent's death; and
9 (iv) Two million five hundred thousand dollars for decedents
10 dying on or after July 1, 2020.

11 (b) For purposes of this subsection, "consumer price index" means
12 the consumer price index for all urban consumers, all items, for the
13 Seattle-Tacoma-Bremerton metropolitan area as calculated by the
14 United States bureau of labor statistics.

15 (2) "Decedent" means a deceased individual.

16 (3) "Department" means the department of revenue, the director of
17 that department, or any employee of the department exercising
18 authority lawfully delegated to him or her by the director.

19 (4) "Federal return" means any tax return required by chapter 11
20 of the internal revenue code.

21 (5) "Federal tax" means a tax under chapter 11 of the internal
22 revenue code.

23 (6) "Federal taxable estate" means the taxable estate as
24 determined under chapter 11 of the internal revenue code without
25 regard to: (a) The termination of the federal estate tax under
26 section 2210 of the internal revenue code or any other provision of
27 law, and (b) the deduction for state estate, inheritance, legacy, or
28 succession taxes allowable under section 2058 of the internal revenue
29 code.

30 (7) "Gross estate" means "gross estate" as defined and used in
31 section 2031 of the internal revenue code.

32 (8) "Internal revenue code" means the United States internal
33 revenue code of 1986, as amended or renumbered as of January 1, 2005.

34 (9) "Person" means any individual, estate, trust, receiver,
35 cooperative association, club, corporation, company, firm,
36 partnership, joint venture, syndicate, or other entity and, to the
37 extent permitted by law, any federal, state, or other governmental
38 unit or subdivision or agency, department, or instrumentality
39 thereof.

1 (10) "Person required to file the federal return" means any
2 person required to file a return required by chapter 11 of the
3 internal revenue code, such as the personal representative of an
4 estate.

5 (11) "Property" means property included in the gross estate.

6 (12) "Resident" means a decedent who was domiciled in Washington
7 at time of death.

8 (13) "Taxpayer" means a person upon whom tax is imposed under
9 this chapter, including an estate or a person liable for tax under
10 RCW 83.100.120.

11 (14) "Transfer" means "transfer" as used in section 2001 of the
12 internal revenue code and includes any shifting upon death of the
13 economic benefit in property or any power or legal privilege
14 incidental to the ownership or enjoyment of property. However,
15 "transfer" does not include a qualified heir disposing of an interest
16 in property qualifying for a deduction under RCW 83.100.046 or
17 ceasing to use the property for farming purposes.

18 (15) "Washington taxable estate" means the federal taxable estate
19 and includes, but is not limited to, the value of any property
20 included in the gross estate under section 2044 of the internal
21 revenue code, regardless of whether the decedent's interest in such
22 property was acquired before May 17, 2005, (a) plus amounts required
23 to be added to the Washington taxable estate under RCW 83.100.047,
24 (b) less: (i) The applicable exclusion amount; (ii) the amount of any
25 deduction allowed under RCW 83.100.046; (iii) amounts allowed to be
26 deducted from the Washington taxable estate under RCW 83.100.047; and
27 (iv) the amount of any deduction allowed under RCW 83.100.048.

28 **Sec. 2.** RCW 83.100.040 and 2013 2nd sp.s. c 2 s 4 are each
29 amended to read as follows:

30 (1) A tax in an amount computed as provided in this section is
31 imposed on every transfer of property located in Washington. For the
32 purposes of this section, any intangible property owned by a resident
33 is located in Washington.

34 (2)(a) Except as provided in (b) of this subsection, the amount
35 of tax is the amount provided in the following table:

If Washington Taxable Estate is at least		But Less Than	The amount of Tax Equals		Of Washington Taxable Estate Value Greater than
			Initial Tax Amount	Plus Tax Rate %	
5	\$0	\$1,000,000	\$0	10.00%	\$0
6	\$1,000,000	\$2,000,000	\$100,000	14.00%	\$1,000,000
7	\$2,000,000	\$3,000,000	\$240,000	((15.00%)) <u>16.00%</u>	\$2,000,000
8	\$3,000,000	\$4,000,000	((390,000)) <u>\$400,000</u>	((16.00%)) <u>18.00%</u>	\$3,000,000
9	\$4,000,000	\$6,000,000	((550,000)) <u>\$580,000</u>	((18.00%)) <u>22.00%</u>	\$4,000,000
10	\$6,000,000	\$7,000,000	((910,000)) <u>\$1,020,000</u>	((19.00%)) <u>24.00%</u>	\$6,000,000
11	\$7,000,000	\$9,000,000	((1,100,000)) <u>\$1,260,000</u>	((19.50%)) <u>26.00%</u>	\$7,000,000
12	\$9,000,000	<u>\$12,500,000</u>	((1,490,000)) <u>\$1,780,000</u>	((20.00%)) <u>28.00%</u>	\$9,000,000
13	<u>\$12,500,000</u>	<u>\$22,500,000</u>	<u>\$2,760,000</u>	<u>29.00%</u>	<u>\$12,500,000</u>
14	<u>\$22,500,000</u>	<u>\$100,000,000</u>	<u>\$5,660,000</u>	<u>30.00%</u>	<u>\$22,500,000</u>
15	<u>\$100,000,000</u>	<u>\$1,000,000,000</u>	<u>\$28,910,000</u>	<u>35.00%</u>	<u>\$100,000,000</u>
16	<u>\$1,000,000,000</u>		<u>\$343,910,000</u>	<u>40.00%</u>	<u>\$1,000,000,000</u>

17 (b) If any property in the decedent's estate is located outside
18 of Washington, the amount of tax is the amount determined in (a) of
19 this subsection multiplied by a fraction. The numerator of the
20 fraction is the value of the property located in Washington. The
21 denominator of the fraction is the value of the decedent's gross
22 estate. Property qualifying for a deduction under RCW 83.100.046 must
23 be excluded from the numerator and denominator of the fraction.

24 (3) The tax imposed under this section is a stand-alone estate
25 tax that incorporates only those provisions of the internal revenue
26 code as amended or renumbered as of January 1, 2005, that do not
27 conflict with the provisions of this chapter. The tax imposed under
28 this chapter is independent of any federal estate tax obligation and
29 is not affected by termination of the federal estate tax.

30 **Sec. 3.** RCW 83.100.230 and 2019 c 415 s 990 are each amended to
31 read as follows:

32 (1) The education legacy trust account is created in the state
33 treasury. Money in the account may be spent only after appropriation.
34 Expenditures from the account may be used only for support of the
35 common schools, the purposes specified in subsection (2) of this

1 section, and for expanding access to higher education through funding
2 for new enrollments and financial aid, and other educational
3 improvement efforts. During the 2015-2017, 2017-2019, and 2019-2021
4 fiscal biennia appropriations from the account may be made for
5 support of early learning programs. It is the intent of the
6 legislature that this policy will be continued in subsequent fiscal
7 biennia.

8 (2) By November 15, 2020, and by each November 15th thereafter,
9 the department must estimate any increase in revenues deposited in
10 the education legacy trust account for the current biennium and
11 subsequent two biennia resulting from the amendatory changes made in
12 this act. The department must promptly notify the office of financial
13 management and the fiscal committees of the legislature of these
14 estimated amounts.

15 (3) The first five million dollars of annual revenue from the
16 amount determined under subsection (2) of this section must be used
17 to fund programs that provide temporary housing for the homeless; the
18 next ten million dollars of annual revenue from the amount determined
19 under subsection (2) of this section must be used to fund the child
20 care career and wage ladder under RCW 43.216.675; and the remainder
21 of the amount determined under subsection (2) of this section must be
22 used to fund youth health care access and affordability.

23 NEW SECTION. Sec. 4. This act applies to decedents dying on or
24 after July 1, 2020.

25 NEW SECTION. Sec. 5. This act takes effect July 1, 2020.

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