

# FINAL BILL REPORT

## HB 1867

---

---

C 82 L 24  
Synopsis as Enacted

**Brief Description:** Eliminating the estate tax filing requirement for certain estates involving a qualifying familial residence.

**Sponsors:** Representatives Walen, Chapman and Santos.

**House Committee on Finance**  
**Senate Committee on Ways & Means**

### **Background:**

#### Washington Estate Tax.

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 filing threshold amount is \$2.193 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 estate tax 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 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.

#### Deductions and Adjustments to the Taxable Estate.

Deductions are made from the total gross estate, including funeral expenses, debts of the decedent, and charitable gifts and bequests.

---

*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.*

For the estate of a married decedent, all of the community property and all of the decedent's separate property are reported on the estate tax return. The community property assets are then reduced by 50 percent to reflect the decedent's share of the property. Even if the entire estate will pass to the surviving spouse and no taxes may be due, an estate tax return must be filed if the decedent's half of the community property plus the decedent's separate property meets the filing threshold.

#### 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 current exclusion amount is \$2.193 million.

#### Estate Tax Revenues.

The proceeds of the Washington estate tax are deposited into the Education Legacy Trust Account (ELTA). The ELTA may be used only for the support of the common schools, and for expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts.

#### **Summary:**

Beginning with decedents dying on or after January 1, 2025, a new estate tax filing exemption is authorized. A Washington estate tax return is not required to be filed if:

1. the decedent's estate is not required to file a return to claim a specific election;
2. the decedent was survived by a spouse and the decedent's interest in the qualifying family residence passed from the decedent to the spouse; and
3. the value of the decedent's gross estate after deducting the value of the decedent's interest in the qualifying residence is less than the applicable exclusion amount.

A "qualifying family residence" is defined as the principal place of residence of the marital community or domestic partnership at the decedent's date of death. A "residence" is defined as a single family dwelling unit, whether such unit is separate or part of a multiunit dwelling.

A residence is considered to be the principal place of residence if it has been occupied for more than 6 of the 12 months immediately preceding the decedent's date of death. However, there is an exception to this occupation requirement. If during the 6 month period immediately preceding the decedent's date of death, the decedent, the decedent's spouse or domestic partner, or both parties, were confined to a hospital, nursing home, assisted living facility, adult family home, or home of a relative for the purposes of long-term care, the principal place of residence could still include the family residence. To qualify, the family residence must be temporarily unoccupied; occupied by the decedent's spouse, domestic partner, or a person financially dependent on the decedent; or rented for the purposes of

paying for the costs of care of the decedent or decedent's spouse or domestic partner in a nursing home, hospital, assisted living facility, or adult family home.

**Votes on Final Passage:**

House 97 0

Senate 49 0

**Effective:** June 6, 2024