
HOUSE BILL 1665

State of Washington

69th Legislature

2025 Regular Session

By Representative Dufault

Read first time 01/28/25. Referred to Committee on Finance.

1 AN ACT Relating to repealing the capital gains income tax;
2 creating a new section; repealing RCW 82.87.010, 82.87.020,
3 82.87.030, 82.87.040, 82.87.050, 82.87.060, 82.87.070, 82.87.080,
4 82.87.090, 82.87.100, 82.87.110, 82.87.120, 82.87.130, 82.87.140,
5 82.87.150, and 82.04.4497; repealing 2021 c 196 ss 18 and 20
6 (uncodified); and providing an effective date.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that the capital
9 gains income tax incentivizes the out-of-state migration of
10 individuals and families and is responsible for reducing Washington
11 state's economic competitiveness relative to other states. To
12 maintain Washington as a desirable place where individuals and
13 families choose to reside, invest, and thrive, the legislature
14 recognizes the need to repeal policies that discourage growth,
15 innovation, and prosperity.

16 This tax has disproportionately affected economic activity and
17 disadvantaged individuals and families who lack the means to avoid
18 its impact. These dynamics exacerbate imbalances in the tax system
19 and place additional burdens on those unable to navigate or mitigate
20 the tax's effects. By repealing this tax, the legislature aims to
21 create a fairer, more competitive economic environment that

1 encourages the retention and attraction of diverse talent and
2 investment.

3 Moreover, addressing this tax aligns with the state's commitment
4 to fostering opportunity and ensuring that Washington remains an
5 attractive destination for individuals, families, and businesses
6 seeking to contribute to and benefit from its robust economy and
7 quality of life.

8 NEW SECTION. **Sec. 2.** The following acts or parts of acts are
9 each repealed:

- 10 (1) RCW 82.87.010 (Findings—Intent—2021 c 196) and 2021 c 196 s
11 1;
- 12 (2) RCW 82.87.020 (Definitions) and 2021 c 196 s 4;
- 13 (3) RCW 82.87.030 (Distribution of revenues) and 2021 c 196 s 2;
- 14 (4) RCW 82.87.040 (Tax imposed—Long-term capital assets) and 2021
15 c 196 s 5;
- 16 (5) RCW 82.87.050 (Exemptions) and 2021 c 196 s 6;
- 17 (6) RCW 82.87.060 (Deductions) and 2021 c 196 s 7;
- 18 (7) RCW 82.87.070 (Qualified family-owned small business
19 deduction) and 2021 c 196 s 8;
- 20 (8) RCW 82.87.080 (Charitable donation deduction) and 2021 c 196
21 s 9;
- 22 (9) RCW 82.87.090 (Other taxes) and 2021 c 196 s 10;
- 23 (10) RCW 82.87.100 (Allocation of long-term capital gains and
24 losses—Credit) and 2021 c 196 s 11;
- 25 (11) RCW 82.87.110 (Filing of returns—Additional documentation—
26 Penalty) and 2021 c 196 s 12;
- 27 (12) RCW 82.87.120 (Joint filers—Separate filers—Tax liability)
28 and 2021 c 196 s 13;
- 29 (13) RCW 82.87.130 (Administration of taxes) and 2021 c 196 s 14;
- 30 (14) RCW 82.87.140 (Tax criminal penalties) and 2021 c 196 s 15;
- 31 (15) RCW 82.87.150 (Annual adjustments) and 2021 c 196 s 17;
- 32 (16) RCW 82.04.4497 (Credit—Sale or exchange of long-term capital
33 assets) and 2021 c 196 s 16;
- 34 (17) 2021 c 196 s 18 (uncodified); and
- 35 (18) 2021 c 196 s 20 (uncodified).

36 NEW SECTION. **Sec. 3.** This act takes effect October 1, 2025.

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