2025 House Bill Tax Increases

1284 (Pollet) Investment income B&O deduction

- Removes investment income deduction for B&O for certain circumstances.

1319 (Street) Wealth tax

- Enacting a wealth tax of 1% on intangible assets over $100 million on the ownership of stocks, bonds, and other financial intangible property.

1320 (Street) Business & occupation tax

- 10% increase in B&O rates, 20% total increase for services for 2 years before reverting to 10%

1334 (Pollet) Property tax revenue growth

- Increases the "limit factor" for state and local property taxes to 100% + population change + inflation, with a 103% cap

1356 (Berquist) K-12 funding

- Increases the limit factor for state property taxes to schools. Increases enrichment levies and LEA. Removes the SPED cap and changes accounting practices. Establishes a workgroup to address equity in K-12 funding formulas using additional property tax revenue. Codifies and increases substitute allocations.

1488 (Berg) Conservation district limits

- Removes maximum per parcel rates for conservation districts.

1517 (Gregerson) Digital equity/revenue

- Wireless device tax of $2 on the sale of a smart wireless device with selling price over $250. Smart wireless device is any type of instrument, device, machine, or equipment that is capable of wireless access to the internet. Includes: smart phones, laptops, tablets, wearables, smart speakers, gaming consoles, smart gyms, smart appliances, and smart TVs. Most revenues go into state digital equity account with 30 percent going to new learning device and technology account. Emergency clause with June 1, 2025, effective date.

1532 (Stearns) Sales tax sourcing impact

- New local SUT tax authorized for authorized cities (city population of 120K+; located in county with population of 1.5M+; or at least 25% of total AV from industrial & warehousing industries) of up to 0.3%. Proceeds may be used in same manner as GF that "improves vitality of community". During biennial budget process, city must hold at least 3 town halls, have webpage with required budget development info, and conduct a budget priority survey. Emergency clause

As of 2/21/25

2025 House Bill Tax Increases

1560 (Reed) Hospital exec. excise tax

- Excess compensation tax on hospitals executives. Current law requires hospitals to report compensation (RCW 43.70.052(3)). Tax on compensation of 5 highest compensated employees without direct patient responsibilities that exceed 10 times annual wage as published by ESD. Tax is the sum annual excess compensation multiplied by 7.5%. Deduction for out-of-state work performed by employee.

1581 (Macri) 988-line tax

- Increases the 988-line tax from $0.40 per line to $0.70 per line. Effective date of change: Jan. 1, 2026

1702 (Wylie) Public utility tax, counties

- Authorizes counties to impose a PUT of up to 3%.

1763 (Parshley) Affordable housing funding

- Creates a statewide tax of 6% on short-term rental lodging facilitated through a short-term rental platform. Revenues would be deposited into a new essential affordable housing local assistance account, distributed to cities and counties to fund operating and capital costs of affordable housing programs.

1785 (Doglio) Excessive executive comp.

- Imposes a B&O or PUT surcharge on any companies with an executive pay ratio of at least 50:1 as follows: 10% surcharge for pay ratio is at least 50:1 but less than 150:1; 25% surcharge if the ratio is 150:1 or more.

1805 (Tharinger) Children services/local tax

- authorizes counties to impose a .01% SUT to fund additional services that assist children and their families, including: Child care; maternity support services; school-based services that address mental, social, and physical health; workforce capacity building; shelter; rental assistance; and client transportation.

1836 (Ramel) Local news journalism

- Establishes the Washington Local News Journalism Corps Program in the Department of Commerce to make grants supporting the employment of news journalists covering civic affairs in underserved communities. Increases the cap for the workforce education investment surcharge that is imposed on select advanced computing businesses from $9 million annually to $15 million annually.

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2025 House Bill Tax Increases

1839 (Reed) Advanced computing surcharge

- Removes WEIA surcharge cap of $9M per year for affiliated taxpayers.

1867 (Ramel) Affordable housing REET

- Allows all counties to use local REET for affordable housing. If they don't by Jan 1, 2027, cities can do it.

1870 (Zahn) Public health clinics/tax

- Allows a county to levy a prop tax of no more than 5 cents for public health clinics. Puts it in highest level of protection for prorationing, not subject to $5.90 limit.

1882 (Cortes) State tax on lodging

- Increases state lodging tax by 2% from April 1, 2026, through September 30, 2026. Creates enhanced tourism account for tax proceeds.

1907 (Peterson) Self-service storage/tax

- Subjects the rental of individual self-storage units to sales and use and business and occupation tax.

1913 (Berg) Public utility tax credit

- Repeals the PUT tax credit for home energy assistance. This tax credit was part of JLARC review.

1965 (Ramel) Bullion tax preference

- Repeals B&O and SUT tax exemptions for the sale of precious metals and bullion. (JLARC did updated Performance Report in 2024) Ramel, A.

2015 (Entenman) Criminal Justice Tax

- Gives cities and county commissions authority to impose a 0.1% sales tax for criminal justice purposes (not credited against the state rate).

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