



PSSB 5998

Revenue Legislation

Proposed 2026 Supplemental Operating Budget

By Senator Robinson

February 22, 2026

Revenue Legislation
Funds Subject to Outlook
(Dollars in Millions)

	2025-27	2027-29	4 Yr
Revenue Legislation			
6347 - Estate Tax Rates	\$ (44.8)	\$ (389.9)	\$ (434.7)
6351 - School Sales Tax Exemptions	\$ (15.2)	\$ (33.7)	\$ (48.9)
6151 - Env. Programs/Fee Accounts	\$ (1.1)	\$ (2.1)	\$ (3.2)
6297 - Behavioral Health Staffing	\$ (0.5)	\$ (1.2)	\$ (1.8)
6006 - Food Banks/Sales Tax	\$ (0.2)	\$ (1.1)	\$ (1.3)
6248 - Travel Insurance	\$ (0.0)	\$ (0.1)	\$ (0.1)
5974 - Local Law Enforcement	\$ 0.3	\$ 0.0	\$ 0.3
5981 - 340B Drug Pricing Program	\$ -	\$ 1.2	\$ 1.2
6162 - Property Tax	\$ -	\$ 2.0	\$ 2.0
6129 - Cigarettes, Nicotine/Tax	\$ -	\$ 20.0	\$ 20.0
5949 - Insurer Taxes	\$ 55.6	\$ 17.2	\$ 72.8
6228 - Prescription Drugs/Taxes	\$ 26.5	\$ 154.6	\$ 181.1
6231 - Data Center Equipment/Taxes	\$ 93.3	\$ 210.4	\$ 303.7
6346 - Tax On Millionaires	\$ -	\$ 2,341.8	\$ 2,341.8
SubTotal	\$ 113.9	\$ 2,319.1	\$ 2,433.0

The largest revenue impacts in the Chair proposal are described below.

INCREASES

TAX ON MILLIONAIRES – \$0.0 MILLION NGF-O (2025-27); \$2.3 BILLION NGF-O (2027-29)

Engrossed Substitute Senate Bill 6346 imposes a 9.90 percent tax on individuals on the receipt of income exceeding \$1 million beginning in calendar year 2028; dedicates 7 percent of revenues to city and county public defense services; expands eligibility for the Working Families Tax Credit to include persons who are at least 18 years of age and who meet other eligibility requirements for the preference; increases the business and occupation (B&O) tax credit for small businesses; increases the B&O tax return filing threshold to \$250,000; provides a sales and use tax exemption for grooming and hygiene products; expires a B&O surcharge on businesses with gross income in excess of \$250 million a year earlier; repeals sales taxes on certain specified services, which were enacted in 2025 in ESSB 5814; and exempts the individual income tax from a statutory prohibition on state and local income taxes.

DATA CENTERS – \$93.3 MILLION NGF-O (2025-27); \$210.4 MILLION NGF-O (2027-29)

Substitute Senate Bill 6231 repeals the sales and use tax exemption program for rural and nonrural data centers effective July 1, 2026.

PRESCRIPTION DRUG RESELLERS – \$26.5 MILLION NGF-O (2025-27); \$154.6 MILLION NGF-O (2027-29)

Senate Bill 6228 repeals the preferential B&O tax rate for warehousing and reselling of prescription drugs.

INSURER TAXES – \$55.6 MILLION NGF-O (2025-27); \$17.2 MILLION NGF-O (2027-29)

Substitute Senate Bill 5949 specifies that the B&O tax exemption for insurance businesses applies only to the insurer directly paying the premium tax on premium revenues.

CIGARETTES/NICOTINE – \$0.0 MILLION NGF-O (2025-27); \$20.0 MILLION NGF-O (2027-29)

Substitute Senate bill 6129 replaces the various tax rates imposed on tobacco products with a single rate of 95 percent of the taxable sales price for all products containing nicotine except for cigarettes; repeals the tax on vapor products; increases the cigarette tax to \$5 per package of 20 cigarettes; reinstates and modifies vapor product tax revenue distributions to the Andy Hill Cancer Research Endowment Fund Match Transfer Account and the Foundational Public Health Services Account; dedicates the first \$10,000,000 collected on the additional cigarette tax each fiscal year to the Youth Tobacco and Vapor Products Prevention Account; and authorizes the Governor to renegotiate tribal tax compacts for cigarettes and vapor products.

PROPERTY TAX – \$0.0 MILLION NGF-O (2025-27); \$2.0 MILLION NGF-O (2027-29)

Engrossed Substitute Senate Bill 6162 exempts persons qualifying under the Senior Citizen Property Tax Relief Program (Program) from part 1 of the state property tax; increases the maximum amount of assessed value that may be exempted under the Program; authorizes a standard deduction of \$7,500 per person in lieu of itemizing various deductions in the

calculation of combined disposable income under the Program; allows up to \$6,000 per year of rental income to be excluded from the combined disposable income calculation under the Program when a portion of the primary residence is rented; excludes combat-related special compensation from the combined disposable income calculation; increases qualifying income thresholds under the Program by 10 percentage points; consolidates the state property tax; sets the newly consolidated state property tax rate at \$2.07355; requires property tax statements to list the newly consolidated state property tax as the state school levy; and applies changes made in the bill to property taxes levied for collection in 2027 and thereafter.

SAVINGS OR DECREASES

ESTATE TAX RATES – \$44.8 MILLION NGF-O (2025-27); \$389.9 MILLION NGF-O (2027-29)

Engrossed Senate Bill 6347 modifies the estate tax rates to a range of 10 percent to 20 percent for Washington taxable estates of decedents dying on or after July 1, 2026.

SCHOOL SALES TAX EXEMPTIONS – \$15.2 MILLION NGF-O (2025-27); \$33.7 MILLION NGF-O (2027-29)

Substitute Senate Bill 6351 exempts schools from retail sales tax on the purchase of certain select services and excludes before-and-after school care programs and classes provided by nonprofit arts and cultural organizations from the definition of a retail sale subject to retail sales tax and retailing B&O tax.

FOOD BANKS/SALES TAX – \$220 THOUSAND NGF-O (2025-27); \$490 THOUSAND NGF-O (2027-29)

Senate Bill 6006 exempts food distributing organizations from retail sales tax on the purchase of certain select services.