# Tax Reference Manual

## Information on Select State and Local Taxes in Washington State

John Ryser | Acting Deputy Director | October 22, 2026

## Introduction

The tax reference manual provides information on over 40 taxes and fees used by state and local governments in Washington. It is prepared by the Research and Fiscal Analysis Division of the Department of Revenue (department). This manual update reflects the law in effect as of July 1, 2026.

This document describes the general features and historical background of the Washington tax system. It is not:

- A "how-to" guide for taxpayers to report taxes or fees.
- A legal interpretation of state tax laws.
- Instructions for how to calculate or submit taxes.

**Caution: Tax laws and rates change. Do not use the information in this document to report taxes or fees. Please visit the department's website for this information.**

## What's New?

The 2026 publication includes:

- Adds substantive law changes that occurred from July 1, 2022, to June 30, 2026.
- Formatting to optimize accessibility
- New tax collections for fiscal years 2022 through 2025

## Chapter Outline

Each chapter includes the following eight sections:

### *Applicable RCW(s)*

This is the relevant reference(s) to the Revised Code of Washington (RCW), which is the compilation of all permanent laws in force in Washington.

### *Levied By*

Describes which governmental jurisdictions may impose the tax.

### *Administered By*

Describes the state or local agency administering the tax.

### *Tax Base*

Describes what is taxable, or the measure of the tax.

Tax exemptions may reduce the taxes in these chapters. The term tax exemption encompasses a variety of preferences that may reduce a taxpayer's taxes. Tax exemptions include:

- Exclusions
- Deductions
- Credits
- Deferrals
- Preferential tax rates
- Exemptions

For more information, refer to the Tax Exemption Study.

### *Tax Rate*

The percentage or dollar amount used to determine the tax owed.

Generally, tax due equals the tax rate multiplied by the tax base. In addition to the tax due, some taxes also apply a surtax or surcharge. A surtax or a surcharge is an additional percentage or dollar amount of tax owed on top of the base amount of tax owed.

Local jurisdictions may impose a tax at their level. For more information on the local portion of taxes, refer to the Local Tax Reference Guide.

### *Ten-Year Summary of Tax Collections*

Each tax chapter includes a table of tax collections, summarized by state fiscal year (July 1 through June 30). Included in the table:

- "Collections" are the tax collections for a tax. Collections are summarized for ten years. Values are in thousands of dollars ($000).
- "YoY % Change" represents the percentage change of a tax using a simple year-over-year computation.
- "% of All State Taxes" is a calculation of a tax's collection percentage relative to total state tax revenues, indicating its fiscal magnitude.

The table below summarizes the state's total tax collections.

| Fiscal Year | Collections ($000) | YoY % Change |
|---|---|---|
| **2025** | $36,071,902 | 4.5% |
| **2024** | $34,507,403 | -2.5% |
| **2023** | $35,387,867 | 5.8% |
| **2022** | $33,443,686 | 11.6% |
| **2021** | $29,969,619 | 11.7% |
| **2020** | $26,834,601 | 4.2% |
| **2019** | $25,743,776 | 7.8% |
| **2018** | $23,885,196 | 8.4% |
| **2017** | $22,043,661 | 8.2% |
| **2016** | $20,369,676 | 8.8% |

For taxes administered by the department, collections come from the department's Tax Statistics publications. Such agencies provide collection amounts for taxes administered by other state agencies. Local tax information may be available from the listed local sources.

### *Distribution of Receipts*

This section describes the use of the revenues produced by each tax, including any dedicated revenues to specific funds.

### *History of the Tax*

This section includes a brief explanation of selected historical developments for each tax. This list of events is not comprehensive. The list is in reverse chronological order.

For a comprehensive history of taxes, visit the department's History of Washington Taxes webpage.

## Other Tax Information

The department's Statistics & Reports webpage contains additional information about Washington state's tax system, including statistical reports, data, and interactive data visualizations. Some are referenced throughout this publication, including:

- Tax Exemption Study
- Local Tax Reference Guide
- Property Tax Statistics
- Tax Statistics
- History of Washington Taxes

## Acknowledgements

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- Department of Labor and Industries
- Department of Licensing
- Department of Transportation
- Employment Security Department
- Horse Racing Commission
- Liquor and Cannabis Board
- Office of the Insurance Commissioner

Additionally, we gratefully acknowledge the expertise of the staff of the department's Legislation and Policy Division and Interpretations and Technical Advice Division, who assisted.

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## Aircraft Excise Tax

**Applicable RCW(s):** Chapter 82.48

**Levied By:** State

**Administered By:** Department of Transportation

### Tax Base

This tax applies to privately owned small planes registered in Washington and used for personal or business purposes.

Tax exemptions may exempt certain aircraft from this tax. For more information, refer to RCW 82.48.100.

### Tax Rate

The aircraft excise tax is an annual fee based on:

- Type of aircraft
- Weight, for aircraft owned and operated by a commuter air carrier that is not an airplane company

Below is the aircraft type fee schedule:

| Type of Aircraft | Registration Fee Part 1 | Registration Fee Part 2 | Total Annual Registration Fee |
|---|---|---|---|
| **Single Engine** | $50 | $70 | $120 |
| **Small multi-engine** | $65 | $155 | $220 |
| **Large multi-engine** | $80 | $140 | $220 |
| **Turboprop multi-engine** | $100 | $370 | $470 |
| **Turbojet** | $125 | $1,095 | $1,220 |
| **Helicopter** | $75 | $145 | $220 |
| **Sailplane** | $20 | $100 | $120 |
| **Lighter than air** | $20 | $100 | $120 |
| **Home built** | $20 | $100 | $120 |
| **Commercial unpiloted aircraft systems (commercial drones)** | $0 | $120 | $120 |

Below is the weight-based fee schedule:

| Gross Maximum Take-off Weight | Registration Fee Part 1 | Registration Fee Part 2 | Total Annual Registration Fee |
|---|---|---|---|
| **Less than 4,001 lbs.** | $500 | $500 | $1,000 |
| **4,001–6,000 lbs.** | $1,000 | $1,000 | $2,000 |
| **6,001–8,000 lbs.** | $2,000 | $2,000 | $4,000 |
| **8,001–9,000 lbs.** | $3,000 | $3,000 | $6,000 |
| **9,001–12,500 lbs.** | $4,000 | $4,000 | $8,000 |

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $369 | -1.0% | 0.00% |
| **2024** | $373 | 1.8% | 0.00% |
| **2023** | $366 | -3.7% | 0.00% |
| **2022** | $380 | 2.7% | 0.00% |
| **2021** | $370 | 5.1% | 0.00% |
| **2020** | $352 | -1.4% | 0.00% |
| **2019** | $357 | 0.6% | 0.00% |
| **2018** | $355 | 0.1% | 0.00% |
| **2017** | $349 | 1.6% | 0.00% |
| **2016** | $345 | 1.2% | 0.00% |

Source: Washington State Department of Transportation

## Distribution of Receipts

The Aeronautics Account receives Part 1 of the aircraft excise tax.

The Sustainable Aviation Fuel Account receives Part 2 of the aircraft excise tax.

## History of the Aircraft Excise Tax

| Year | Event Description |
|---|---|
| 2026 | Created a "Part 2" to the aircraft excise tax, increasing it beginning January 1, 2027. Beginning July 1, 2028, the tax increases by 2% each year. |
| 2015 | The Aeronautics Account receives 100% of the aircraft excise tax. Previously, the General Fund received 90% of collections. |
| 2013 | Created the weight-based fee schedule for commuter air carriers. |
| 1983 | A tiered fee schedule replaced the 1967 aircraft flat fee system. |
| 1967 | Changed the tax from a percentage of the fair market value to a flat fee of $15 for single-engine planes and $25 for multi-engine planes. |
| 1949 | Created the aircraft excise tax at a rate of 1% of the fair market value of aircraft. Aircraft owners previously paid personal property tax. |

## Aircraft Fuel Tax

**Applicable RCW(s):** Chapter 82.42

**Levied By:** State

**Administered By:** Department of Licensing

### Tax Base

Distributors of aircraft fuel pay tax on each gallon of aircraft fuel sold, delivered, or used in the state, except for fuel used by commercial and other exempt aircraft.

### Tax Rate

25 cents per gallon

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $7,727 | 13.3% | 0.02% |
| **2024** | $6,820 | -11.4% | 0.02% |
| **2023** | $7,699 | 65.1% | 0.02% |
| **2022** | $4,664 | 69.1% | 0.01% |
| **2021** | $2,757 | 0.8% | 0.01% |
| **2020** | $2,736 | 95.2% | 0.01% |
| **2019** | $1,402 | -71.1% | 0.01% |
| **2018** | $4,851 | 72.1% | 0.02% |
| **2017** | $2,819 | 78.1% | 0.01% |
| **2016** | $1,583 | -42.9% | 0.01% |

Source: Washington State Department of Licensing

### Distribution of Receipts

The Aeronautics Account receives 72% of the aircraft fuel tax.

The Sustainable Aviation Fuel Airport Infrastructure Account receives 28% of the aircraft fuel tax.

### History of the Aircraft Fuel Tax

| Year | Event Description |
|---|---|
| 2026 | The tax rate increased to 25 cents per gallon, effective November 1, 2026. Added a new distribution to the Sustainable Aviation Fuel Airport Infrastructure Account. |
| 2022 | The tax rate increased to 18 cents per gallon, effective July 1, 2022. |

| Year | Event Description |
|---|---|
| 2015 | Provisions related to enforcement, exemptions, refunds, violations, and collection of taxes from non-licensees and security payments by licensees. |
| 2005 | The tax rate increased to 11 cents per gallon. |
| 2003 | A fixed statutory rate replaced the prior variable rate calculation. The new rate was set at 10 cents per gallon. |
| 1989 | The export exemption began requiring detailed reporting for exported sales. |
| 1983 | Added a minimum tax of 5 cents per gallon. |
| 1982 | Created a variable tax rate calculation. |
| 1967 | Created the aircraft fuel tax at 2 cents per gallon. |

## Beer Tax

**Applicable RCW(s):** 66.24.290

**Levied By:** State

**Administered By:** Liquor and Cannabis Board

### Tax Base

Each 31-gallon barrel of beer (or its equivalent in cans and bottles) sold in Washington by a brewer or distributor.

### Tax Rate

$4.782 per barrel on the first 60,000 barrels sold in a year.

$8.080 per barrel once a brewer exceeds 60,000 barrels sold in a year.

The per-barrel tax rate is comprised of:

- A $1.30 base tax
- A $2.00 additional tax
- An additional tax of:
    - $1.482 on the first 60,000 barrels sold in a year
    - $4.78 once a brewer exceeds 60,000 barrels sold in a year

Beer distributors pay the rates applicable to each brewer whose beer they sell. The Liquor and Cannabis Board publishes the "Brewer's Tax Rate Per Barrel Table" on its website.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $28,124 | -6.3% | 0.08% |
| **2024** | $30,003 | -10.5% | 0.09% |
| **2023** | $33,526 | 9.8% | 0.09% |
| **2022** | $30,537 | -1.9% | 0.09% |
| **2021** | $31,120 | 3.5% | 0.10% |
| **2020** | $30,058 | -3.2% | 0.11% |
| **2019** | $31,048 | 0.0% | 0.12% |
| **2018** | $31,037 | 5.6% | 0.13% |
| **2017** | $29,390 | -6.2% | 0.13% |
| **2016** | $31,345 | 2.0% | 0.15% |

Source: Washington State Liquor & Cannabis Board

## Distribution of Receipts

The Liquor and Cannabis Board distributes the beer taxes as follows:

- 0.3% of the $1.30 base tax goes to certain border cities and counties for law enforcement costs.
- Of the remaining 99.7% of the $1.30 base tax:
  - 20% goes to counties based on unincorporated population
  - 80% goes to all cities based on population
- The General Fund receives the $2.00 additional tax.
- Of the $1.482 additional tax on annual sales of the first 60,000 barrels:
  - General Fund receives 97%
  - Border cities and counties receive 3%
- The General Fund receives the $4.78 additional tax for annual sales exceeding 60,000 barrels.

## History of the Beer Tax

| Year | Event Description |
|---|---|
| 2013 | The additional per-barrel and per-gallon taxes imposed in 2010 expired. |
| 2010 | Increased the tax rate to $0.76 per gallon. Added an additional tax of $15.50 per barrel on breweries producing over 60,000 barrels annually. |
| 2009 | Eliminated the portion of the tax earmarked for the Violence Reduction and Drug Enforcement Account and the Health Services Account. |
| 2003 | Strong beer (more than 8% alcohol by weight) shifted from the liquor sales tax to the beer tax. |
| 1997 | Reduced the beer tax rate to $1.30 per barrel and repealed the 7% surtax. |
| 1994 | Made permanent the temporary tax enacted in 1989. |
| 1993 | Added an additional tax of $0.96 per barrel to fund health care and increased this rate to $2.39 per barrel in 1995 and $4.78 per barrel in 1997. |
| 1989 | Adopted a temporary additional tax of $2.00 per barrel to fund drug prevention programs. |
| 1982 | Added surtaxes, increasing the overall rate to $2.782. |
| 1981 | Combined the tax rates into a single, basic rate of $2.60. |
| 1965 | Created a separate tax rate of $1.50 per barrel for canned and bottled beer. |
| 1934 | Created the beer tax at $1.00 per barrel. |

## Brokered Natural Gas Use Tax

**Applicable RCW(s):** 82.12.022

**Levied By:** State and cities

**Administered By:** Department of Revenue

### Tax Base

This use tax applies to natural gas delivered through a pipeline from out of state when the seller has not paid the public utility tax. This tax ensures natural gas consumed in Washington is taxed at a uniform rate.

The taxable value of natural gas equals the purchase price paid by the consumer plus any transportation costs not taxed under state or city public utility taxes.

### Tax Rate

3.852%

This rate is the same as the gas distribution rate under the public utility tax.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $23,576 | -29.8% | 0.07% |
| **2024** | $33,563 | -53.6% | 0.10% |
| **2023** | $72,381 | 77.9% | 0.20% |
| **2022** | $40,693 | 76.1% | 0.12% |
| **2021** | $23,144 | 0.0% | 0.08% |
| **2020** | $23,166 | -23.3% | 0.09% |
| **2019** | $30,123 | 56.4% | 0.12% |
| **2018** | $19,258 | -9.8% | 0.08% |
| **2017** | $21,347 | -0.1% | 0.10% |
| **2016** | $21,370 | -23.9% | 0.10% |

### Distribution of Receipts

The General Fund receives the brokered natural gas use tax.

### History of the Brokered Natural Gas Use Tax

| Year | Event Description |
|---|---|
| 2017 | Effective January 1, 2018, the use tax on brokered natural gas does not apply to the use of natural or manufactured gas by a silicon smelter. |

| Year | Event Description |
|---|---|
| 2014 | Effective July 1, 2015, the use tax on brokered natural gas expanded to include compressed and liquefied natural gas for non-transportation fuel purposes. |
| 2004 | Added an exemption for the use of natural or manufactured gas by an aluminum smelter. |
| 1994 | Clarified that the use tax on brokered natural gas applies only to the use of natural or manufactured gas delivered via a pipeline. |
| 1989 | Adopted state and municipal taxes on brokered natural or manufactured gas effective July 1, 1990. |

## Business and Occupation Tax

**Applicable RCW(s):** Chapter 82.04

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

- Gross receipts of all businesses with substantial nexus in Washington
- Gross receipts mean gross income, gross sales, or the value of the business's products
- A business may include businesses, local governments, or non-profits
- Substantial nexus means the business meets any of the following:
    - Has a physical presence in Washington
    - Has more than $100,000 in combined gross receipts sourced or attributed to Washington
    - Is organized or commercially domiciled in Washington

### Tax Rate

The business and occupation (B&O) tax applies different rates to different business activities. A business with multiple activities may pay the tax at more than one rate. For a full list, refer to the department's B&O tax classifications webpage.

Common B&O tax rates (effective January 1, 2027):

| B&O Tax Classification | Tax Rate |
|---|---|
| **Retailing, Wholesaling, Manufacturing, Extracting, and Processing-for-Hire** | 0.5% |
| **Service and Other Activities (Less than $1 million in the prior year)** | 1.50% |
| **Service and Other Activities ($1 million to $4,999,999 in the prior year)** | 1.75% |
| **Service and Other Activities ($5 million or more in the prior year)** | 2.1% |

B&O tax surcharges may also apply to certain activities:

| B&O Surcharge | Tax Rate |
|---|---|
| **High-grossing Business Surcharge** | 0.5% |
| **Select Advanced Computing Surcharge** | 7.5% |
| **Specified Financial Institutions** | 1.5% |
| **Contests of Chance** | 0.26% |
| **Timber and Wood Product Manufacturing, Extracting, and Wholesaling** | 0.0052% |

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $7,009,561 | 2.3% | 19.4% |
| **2024** | $6,853,525 | 3.1% | 19.9% |
| **2023** | $6,649,062 | 9.9% | 18.8% |
| **2022** | $6,052,852 | 14.5% | 18.1% |
| **2021** | $5,285,225 | 14.1% | 17.6% |
| **2020** | $4,633,201 | 4.3% | 17.3% |
| **2019** | $4,440,702 | 6.8% | 17.2% |
| **2018** | $4,156,327 | 8.6% | 17.4% |
| **2017** | $3,826,274 | 5.3% | 17.4% |
| **2016** | $3,633,250 | 7.0% | 17.8% |

## Distribution of Receipts

The General Fund receives B&O taxes with the following exceptions:

- The Workforce Education and Investment Account receives the advanced computing surcharge and 14.3% of the tax receipts from the $1 million to $4,999,999 and $5 million or more service and other activities tax classifications.
- The Problem Gambling Account receives the parimutuel wagering tax and the additional B&O tax imposed on contests of chance ($50,000 or more).
- The Forest and Fish Support Account receives the timber and wood product surcharge. Any receipts above $8 million per biennium fund tribal participation grants.

## History of the B&O Tax

| Year | Event Description |
|---|---|
| 2026 | Clarified that the B&O exemption for insurance premiums is only for the taxpayer who paid the insurance premium tax, retroactive to October 2, 2019. |
| 2026 | Created a new ACS cap of $25 million for affiliated businesses with more than half of their worldwide revenue originating from insurance premiums retroactive to January 1, 2022. |
| 2026 | Changed the qualifying criteria for the mortgage interest exemption. |
| 2026 | Created a new preferential tax rate of 0.138% for "critical access pharmacies." |
| 2026 | Repealed the preferential tax rate of 0.138% for warehousing and reselling prescription drugs. |
| 2024 | Created an exemption for transactions involving Climate Commitment Act credits, allowances, or price ceiling units. The exemption applies retroactively and prospectively to covered entities, opt-in entities, or entities that receive no-cost allowances. |
| 2024 | Extended the expiration date for the preferential tax rate for semiconductor manufacturers to January 1, 2034. |
| 2023 | Extended the expiration date for the dairy, fruit and vegetable, and seafood processor tax exemptions through July 1, 2035. |
| 2023 | Established a method of asphalt valuation for asphalt manufacturers and extractors when providing public road construction. |
| 2023 | Updated the deduction for Medicaid delivery system reform incentive payments to ACHs and public hospitals to allow for the deduction of Medicaid transformation project funding. |
| 2023 | Created a credit for costs related to converting a qualifying business to an employee ownership structure. |
| 2023 | Created an exemption for amounts received by a battery stewardship organization under an approved battery stewardship plan approved by the Department of Ecology. |
| 2023 | Created a deduction for loan repayments received by cooperative finance organizations from rural electric cooperatives. |
| 2023 | Replaced the preferential tax rate for newspaper publishers with an exemption. Publishers of "eligible digital content" are also eligible for the exemption |
| 2023 | Created a preferential tax rate of 0.275% for the manufacturing, retailing, and wholesaling of alternative jet fuels. |
| 2023 | Increased the additional B&O tax imposed on contests of chance ($50,000 or more annually) and pari-mutuel wagering from 0.13% to 0.20% effective July 1, 2023, and 0.26% effective July 1, 2024<br>*For a comprehensive B&O tax history, see the Department of Revenue webpage History of Major Washington Taxes.* |

## Cannabis Excise Tax

**Applicable RCW(s):** 69.50.530, 69.50.535, and 69.50.540

**Levied By:** State

**Administered By:** Liquor and Cannabis Board

### Tax Base

Retailers of cannabis products collect tax on the selling price of cannabis concentrates, usable cannabis, and cannabis-infused products.

### Tax Rate

37%

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $438,341 | -3.4% | 1.2% |
| **2024** | $453,856 | -2.2% | 1.3% |
| **2023** | $463,993 | -9.1% | 1.3% |
| **2022** | $510,526 | -8.0% | 1.5% |
| **2021** | $554,861 | 18.4% | 1.9% |
| **2020** | $468,810 | 20.2% | 1.8% |
| **2019** | $389,975 | 8.0% | 1.5% |
| **2018** | $361,169 | 14.9% | 1.5% |
| **2017** | $314,460 | 69.3% | 1.4% |
| **2016** | $185,762 | 0.0% | 0.9% |

### Distribution of Receipts

The Dedicated Cannabis Account receives the cannabis excise tax.

Each fiscal year, the legislature makes appropriations from the Dedicated Cannabis Account to multiple agencies, universities, and other government entities.

The law requires additional transfers to other accounts, including the Basic Health Plan Trust Account and the General Fund.

## History of the Cannabis Excise Tax

| Year | Event Description |
|---|---|
| 2024 | Created a tax exemption for sales of medical cannabis to qualifying patients and designated providers who hold a recognition card. The exemption ends June 30, 2029. |
| 2022 | The terms “marijuana” and “marihuana” changed to “cannabis” throughout the Revised Code of Washington. |
| 2015 | Ended the 25% cannabis excise tax paid by producers and processors. Designated the cannabis excise tax as a trust fund, making it a tax on the buyer rather than the seller. Changed the tax rate to 37% and applied it to the final selling price of the cannabis product sold. |
| 2015 | Renamed the Dedicated Marijuana Fund to the Dedicated Marijuana Account. |
| 2015 | Renamed the Washington State Liquor Control Board to the Washington State Liquor and Cannabis Board (WSLCB). |
| 2012 | Voters passed Initiative 502, legalizing recreational cannabis sales, processing, and production in Washington. I-502 also established a 25% cannabis excise tax on each production level (producer to processor, processor to retailer, and retailer to consumer sales). The Dedicated Marijuana Fund receives the tax. |
| 1998 | Voters passed Initiative 692, which permitted the use of cannabis for medical purposes by qualifying patients. No specific taxes were applied to medical cannabis. |

## Capital Gains Tax

**Applicable RCW(s):** Chapter 82.87

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The sale or exchange of certain long-term capital assets. Individuals pay the tax on gains allocated to Washington.

### Tax Rate

7% on taxable capital gains up to $1 million

9.9% on the portion of gains exceeding $1 million

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $552,098 | 54.9% | 1.5% |
| **2024** | $356,332 | -58.0% | 1.0% |
| **2023** | $847,530 | 0% | 2.4% |

### Distribution of Receipts

For fiscal years 2025 through 2027, all capital gains collections are distributed to the Education Legacy Trust Account.

Beginning July 1, 2027, collections are distributed as follows:

- The Education Legacy Trust Account receives the first $500 million collected in a fiscal year. The $500 million threshold increases each year.
- The Common School Construction Account receives any remaining collections in a fiscal year.

### History of the Capital Gains Tax

| Year | Event Description |
|---|---|
| 2026 | Redirected tax receipts to the Education Legacy Trust Account for the 2025-2027 fiscal biennium. |
| 2025 | Created an additional 2.9% tax on net long-term capital gains exceeding $1 million, raising the top marginal rate to 9.9% effective January 1, 2025. |
| 2023 | The Washington Supreme Court ruled that the capital gains tax is an excise tax and, therefore, constitutional. |

| Year | Event Description |
|---|---|
| 2022 | The Douglas County Superior Court ruled the capital gains excise tax unconstitutional in Quinn v. State of Washington. The Department of Revenue appealed the ruling to the Washington Supreme Court. |
| 2021 | Created the capital gains tax effective January 1, 2022. |

## Cigarette Tax

**Applicable RCW(s):** Chapter 82.24

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The sale, use, consumption, handling, possession, or distribution of cigarettes. The tax applies to the first such taxable event and to the first taxable person in the state.

### Tax Rate

The cigarette tax rate is $0.15125 per cigarette, which equates to:

- $3.025 per package of 20
- $3.78125 per package of 25
- $30.25 per carton

The Department of Revenue (on behalf of the governor) has cigarette tax compacts with 26 of the 29 federally recognized tribes of Washington. Tribes may impose a tribal cigarette tax in lieu of the state cigarette tax.

The federal government also taxes cigarette manufacturers. The federal cigarette tax is $1.01 per pack.

### Ten-Year Summary of Tax Collections

State Cigarette Tax Collections:

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $219,021 | -10.8% | 0.6% |
| **2024** | $245,526 | -10.1% | 0.7% |
| **2023** | $273,212 | -12.0% | 0.8% |
| **2022** | $310,513 | -2.4% | 0.9% |
| **2021** | $317,992 | -2.1% | 1.1% |
| **2020** | $324,855 | -6.0% | 1.2% |
| **2019** | $345,688 | -3.3% | 1.3% |
| **2018** | $357,445 | -5.4% | 1.5% |
| **2017** | $377,899 | -3.5% | 1.7% |
| **2016** | $391,487 | -1.8% | 1.9% |

Shared Tribal Cigarette Tax Collections:

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $4,922 | -28.1% | 0.01% |
| **2024** | $6,841 | -7.4% | 0.02% |
| **2023** | $7,389 | -11.9% | 0.02% |
| **2022** | $8,384 | -24.0% | 0.03% |
| **2021** | $11,028 | 69.8% | 0.04% |
| **2020** | $6,495 | -26.3% | 0.02% |
| **2019** | $8,814 | -4.9% | 0.03% |
| **2018** | $9,271 | 0.4% | 0.04% |
| **2017** | $9,236 | 0.7% | 0.04% |
| **2016** | $9,175 | 13.6% | 0.05% |

## Distribution of Receipts

The General Fund receives the state cigarette tax and 30% of the Puyallup Tribe of Indians' cigarette tax.

## History of the Cigarette Tax

| Year | Event Description |
|---|---|
| 2012 | Created a tax stamp to facilitate collecting the cigarette tax owed on those cigarettes rolled by consumers using machines in roll-your-own retail establishments. Roll-your-own cigarettes added to the definition of cigarettes. |
| 2011 | Eliminated the earmarking of cigarette tax revenues for the Education Legacy Account retroactive to July 1, 2010. |
| 2010 | Increased tax rate to $3.025 per pack. Increased the amount dedicated to the Education Legacy Account to 51.6 cents per pack. |
| 2009 | Eliminated the earmarking of cigarette tax revenues to various dedicated accounts except for the Education Legacy Account. |
| 2005 | Added an additional tax of 60 cents per pack and dedicated the revenue to the Education Legacy Account to support educational programs, making the total rate $2.025 per pack. Entered into four tribal cigarette tax compacts, including the Puyallup Tribe of Indians compact, which distributes 30% of the tribal tax receipts to the state. |
| 2001 | The state compacts with 16 Indian tribes regarding the imposition of tribal cigarette taxes. The compacts allow tribes to collect cigarette taxes equal to the state cigarette and retail sales taxes, providing revenues for tribal services and reducing the incentive for state tax evasion. |
| 2001 | Increased the cigarette stamping allowance to $6 per 1,000 stamps. |
| 2001 | Voters approved Initiative 773, imposing an additional 60-cent-per-pack tax and dedicating most of the increase to healthcare. The total rate increased to $1.425 per pack. |

| Year | Event Description |
|---|---|
| 1999 | Diverted the 8-cent portion of the tax from the Water Quality Account: half to a new Salmon Recovery Account and half to the Violence Reduction and Drug Enforcement Account. |
| 1997 | Cigarette tax enforcement shifted from the Department of Revenue to the Liquor and Cannabis Board. |
| 1994 | The additional 3-cent-per-pack tax rate, set to expire July 1, 1995, was extended indefinitely and increased to 10.5 cents per pack. |
| 1993 | Added a new, additional tax to the tax rate and increased it in four annual steps:<br>• 20 cents per pack through June 30, 1994<br>• 22.5 cents per pack from July 1, 1994, through June 30, 1995<br>• 40 cents per pack from July 1, 1995, through June 30, 1996<br>• 41 cents per pack thereafter<br>The newly created Health Services Account receives the revenue from the additional tax. |
| 1989 | Added a new, additional tax to the tax rate of 3 cents per pack, increasing the total tax rate to 34 cents per pack. The tax expires July 1, 1995. The newly created Drug Enforcement and Education Account receives the revenue from the additional tax. |
| 1986 | Added a new tax to the 8-cent-per-pack rate, increasing the total tax rate to 31 cents per pack. The newly created Water Quality Account receives the additional tax through June 30, 2021. The General Fund receives the tax thereafter. |
| 1983 | Made the surtaxes permanent. |
| 1982 | Surtaxes increased the rate to 23 cents per pack. |
| 1981 | Increased tax rate to 20 cents per pack. |
| 1975 | Ended an exemption for possession of two cartons of unstamped cigarettes. |
| 1972 | Retired the 1949 bond for veterans' bonuses, funded by the 2-cent per pack tax. Directed the 2-cent tax to the General Fund in 1977 when veteran compensation was fully paid. |
| 1971 | Increased tax rate to 16 cents per pack. |
| 1965 | Increased tax rate to 11 cents per pack. |
| 1961 | Increased tax rate to 7 cents per pack. |
| 1959 | Increased tax rate to 6 cents per pack. |
| 1955 | Added an additional tax of 5% of the retail price. Dedicated revenues to the Public School Building Bond Redemption Fund. |
| 1949 | Increased tax rate to 4 cents per pack and dedicated revenues to the retirement of bonds issued to pay compensation to veterans. |
| 1939 | Increased tax rate to 2 cents per pack. |
| 1935 | Created the cigarette tax at a rate of 1 cent per pack with the Revenue Act of 1935. |

## Derelict Vessel Removal Fee

**Applicable RCW(s):** Chapter 79.100

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Commercial ships and vessels, as measured by vessel length.

### Tax Rate

$1.00 per vessel foot

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $119 | 16.4% | 0.0% |
| **2024** | $102 | -1.2% | 0.0% |
| **2023** | $104 | 4.9% | 0.0% |
| **2022** | $99 | -15.3% | 0.0% |
| **2021** | $117 | 20.4% | 0.0% |
| **2020** | $97 | -30.9% | 0.0% |
| **2019** | $140 | 63.1% | 0.0% |
| **2018** | $86 | -17.2% | 0.0% |
| **2017** | $104 | -11.9% | 0.0% |
| **2016** | $118 | -0.3% | 0.0% |

### Distribution of Receipts

The Derelict Vessel Removal Account receives the derelict vessel removal fee.

### History of the Derelict Vessel Removal Fee

| Year | Event Description |
|---|---|
| 2022 | Redirected 25% of the watercraft excise tax to the Derelict Vessel Removal Account to provide additional funding for removing abandoned or derelict vessels from waterways. |
| 2014 | Created the derelict vessel removal fee at $1 per vessel foot, effective January 1, 2015. |

## Duty-Free Concession Fee

**Applicable RCW(s):** Chapter 19.430

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Gross proceeds of merchandise sales by duty-free sales enterprises operating in Washington.

### Tax Rate

10%

### Ten-Year Summary of Tax Collections

*Tax collections for the duty-free concession fee will be available in fiscal year 2026.*

### Distribution of Receipts

For the 2025-2027 biennium, the General Fund receives the duty-free concession fee to cover the costs of implementing and administering the fee. After making appropriations, the remaining collections are distributed as follows:

- 50% to the Statewide Tourism Marketing Account
- 50% to the Sustainable Aviation Fuel Account

### History of the Duty-Free Concession Fee

| Year | Event Description |
|---|---|
| 2025 | Created the duty-free concession fee, effective January 1, 2026. |

## Enhanced Food Fish Tax

**Applicable RCW(s):** Chapter 82.27

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The value of enhanced food fish when first landed in Washington or its territorial waters.

"Enhanced food fish" includes:

- Species of food fish[1], shellfish, and anadromous[2] game fish, including byproducts and parts thereof, caught in Washington territorial and adjacent waters
- Salmon caught from Washington, Oregon, or British Columbia waters
- Chinook salmon troll-caught in the territorial and adjacent waters of southeast Alaska

[1]Food fish includes all food fish species, except tuna, mackerel, and jack.

[2]Anadromous game fish include steelhead trout, anadromous cutthroat trout, and Dolly Varden char.

### Tax Rate

| Enhanced Food Fish Species | Tax Rate |
|---|---|
| Ocean waters, Columbia River, Willapa Bay, and Grays Harbor anadromous game fish, chinook, coho, and chum salmon | 6.69% |
| Puget Sound anadromous game fish, chinook, coho, and chum salmon | 5.62% |
| Pink and sockeye salmon and eggs | 3.37% |
| Sea urchins and cucumbers | 2.25% |
| Other food fish, eggs, and shellfish | 2.25% |
| Oysters | 0.09% |

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $4,130 | 16.9% | 0.01% |
| **2024** | $3,532 | -1.4% | 0.01% |
| **2023** | $3,582 | -11.5% | 0.01% |
| **2022** | $4,049 | 71.5% | 0.01% |
| **2021** | $2,362 | 18.4% | 0.01% |
| **2020** | $1,994 | -33.4% | 0.01% |
| **2019** | $2,994 | 1.3% | 0.01% |
| **2018** | $2,956 | -1.9% | 0.01% |
| **2017** | $3,013 | 0.9% | 0.01% |
| **2016** | $2,987 | -14.0% | 0.01% |

## Distribution of Receipts

The General Fund receives the enhanced food fish tax except for the following, which the Fish, Wildlife, and Conservation Account receives:

- Receipts from anadromous game fish
- 1% of the receipts from ocean waters, Columbia River, Willapa Bay, and Grays Harbor chinook, coho, and chum salmon

## History of the Enhanced Food Fish Tax

| Year | Event Description |
|---|---|
| 2020 | The Fish, Wildlife, and Conservation Account receives the tax on anadromous game fish and 1% of the receipts from ocean waters, Columbia River, Willapa Bay, and Grays Harbor chinook, coho, and chum salmon, effective July 1, 2021. |
| 2017 | Increased the tax rate on ocean waters, Columbia River, Willapa Bay, and Grays Harbor chinook, coho, chum salmon, and anadromous game fish, effective January 1, 2018, |
| 2013 | Expired the temporary rate increase on sea urchins and sea cucumbers. |
| 2010 | Extended the temporary rate increase on sea urchins and sea cucumbers through December 31, 2013, or until the number of licenses was reduced to 20, whichever occurred first. |
| 2005 | Extended the temporary rate increase on sea urchins and sea cucumbers through December 31, 2010. |
| 2001 | Clarified that the taxable event occurs after the landing of enhanced food. |
| 1999 | Provided additional funding for programs relating to sea urchin and sea cucumber fisheries by increasing the rate on sea urchins and sea cucumbers through December 31, 2005. |
| 1995 | Removed all tuna species, mackerel, and jack from the definition of enhanced food fish. |
| 1993 | Increased enhanced food fish tax rates, effective January 1, 1994. |

| Year | Event Description |
|---|---|
| 1985 | Substantially revised statutory definitions and clarified the fish subject to tax. |
| 1983 | Added anadromous game fish as a taxable enhanced food fish. |
| 1982 | Added a surtax of 7% to the enhanced fish food tax rates. |
| 1980 | Created the enhanced fish food tax, replacing a fish tax previously administered by the Department of Fisheries. |

## Estate and Transfer Tax

**Applicable RCW(s):** Chapter 83.100

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Washington taxable estate, which is the value of all property located in Washington owned by a person on the date of their death, less the $3 million exclusion amount[1] and other allowable expenses and deductions.

The term "property" includes real estate and other property located in this state, including intangible assets, regardless of location.

*[1]The department publishes the adjusted exclusion amount annually.*

### Tax Rate

For deaths occurring on or after July 1, 2026:

| If the Washington Taxable Estate is at Least | But Less Than | The Initial Tax Amount Equals | Plus, This Tax Rate | Multiplied by the Amount Over |
|---|---|---|---|---|
| $0 | $1,000,000 | $0 | 10.00% | $0 |
| $1,000,000 | $2,000,000 | $100,000 | 14.00% | $1,000,000 |
| $2,000,000 | $3,000,000 | $240,000 | 15.00% | $2,000,000 |
| $3,000,000 | $4,000,000 | $390,000 | 16.00% | $3,000,000 |
| $4,000,000 | $6,000,000 | $550,000 | 18.00% | $4,000,000 |
| $6,000,000 | $7,000,000 | $910,000 | 19.00% | $6,000,000 |
| $7,000,000 | $9,000,000 | $1,100,000 | 19.50% | $7,000,000 |
| $9,000,000 | | $1,490,000 | 20.00% | $9,000,000 |

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $724,775 | 66.8% | 2.0% |
| **2024** | $434,595 | -48.7% | 1.3% |
| **2023** | $847,258 | 131.7% | 2.4% |
| **2022** | $365,634 | 11.2% | 1.1% |
| **2021** | $328,865 | -49.1% | 1.1% |
| **2020** | $646,251 | 116.9% | 2.4% |
| **2019** | $298,017 | 46.5% | 1.2% |
| **2018** | $203,411 | 20.6% | 0.9% |
| **2017** | $168,710 | 25.3% | 0.8% |
| **2016** | $134,680 | -12.6% | 0.7% |

## Distribution of Receipts

The Education Legacy Trust Account receives the estate and transfer tax.

## History of the Estate and Transfer Tax

| Year | Event Description |
|---|---|
| 2026 | Restored estate tax rates to the rates that were in place before July 2025, effective for estates of decedents dying on or after July 1, 2026. The CPI reference changed back to CPI for the Seattle-Tacoma-Bremerton metropolitan area. |
| 2025 | Increased the filing threshold to $3 million, effective for estates of decedents dying on or after July 1, 2025. The maximum qualified family-owned business interest (QFOBI) deduction is increased to $3 million. The filing threshold and QFOBI may be adjusted annually to reflect changes in the CPI for the Seattle metropolitan area. |
| 2024 | Beginning with estates of decedents dying in 2025, administrators or personal representatives may consider the gross value of the decedent's estate less the value of the decedent's interest in a qualifying family residence passing to a surviving spouse to determine if the value of the estate exceeds the filing threshold. With this addition, estates claiming other specific elections must continue to file. |
| 2013 | Added qualified terminable interest property (QTIP) in the Washington taxable estate when the second spouse dies, regardless of when the spouse acquired the interest in the property. Beginning with the estates of decedents dying in 2014, also:<br>• Provided an annual adjustment to the Washington estate tax threshold based on the Consumer Price Index.<br>• Increased the top four estate tax rates.<br>• Allowed a QFOBI deduction. |

| Year | Event Description |
|---|---|
| 2012 | The Washington Supreme Court found that a decedent's Washington taxable estate should exclude QTIP when computing tax in the consolidated cases of Estate of Bracken and Estate of Nelson v. State of Washington on October 18, 2012. |
| 2006 | The state estate tax survived a repeal attempt in November 2006, when voters rejected Initiative 902. |
| 2005 | The Washington Supreme Court overturned Washington's estate tax in Hemphill et al v. State of Washington on February 3, 2005. Effective May 17, 2005, the "stand-alone" estate tax was enacted, based on the Internal Revenue Code as of January 1, 2005. |
| 2001 | The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) required the federal estate tax to be phased out by 2010, and the credit for state taxes to be eliminated by the end of 2004. Washington continued collecting the estate tax based on the Internal Revenue Code as of January 1, 2001. |
| 1981 | Voters approved Initiative 402, which repealed the state inheritance and gift taxes, effective January 1, 1982. The initiative allowed the continuation of a state estate tax equal to the federal estate tax credit, referred to as a "pick-up" tax. |
| 1979 | Made comprehensive revisions to the inheritance tax. |
| 1941 | Established a companion gift tax of up to 90% of the inheritance tax rates. |
| 1901 | Established the inheritance tax, becoming one of the first state taxes. A court ruling upheld the tax as an excise tax on the privilege of inheriting property, rather than a tax on the property itself. |

## Hazardous Substance Tax

**Applicable RCW(s):** Chapter 82.21

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Petroleum products, pesticides, and certain chemicals that present a threat to human health or the environment if released into the environment[1] when first possessed in Washington.

Taxable products include:

- Petroleum products
- Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) listed substances
- Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) registered substances

Petroleum products are measured by volume in barrels.

Examples of products taxed on a per-barrel basis:

- Gasoline
- Aviation fuel
- Kerosene
- Diesel fuel
- Lubricating oil

Non-petroleum products and petroleum products that are not easily measured on a per-barrel basis are measured by the wholesale value.

Examples of products not taxed on a per-barrel basis:

- Ethane
- Propane
- Butane
- Petroleum coke

[1]The Department of Ecology determines which substances and products pose a threat to human health or the environment if released into the environment

## Tax Rate

Through June 30, 2027, the tax rate is either:

- $1.49 per barrel (adjusted for inflation each July 1)
- 0.7% of the wholesale value

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $332,586 | -1.2% | 0.9% |
| **2024** | $336,780 | 11.7% | 1.0% |
| **2023** | $301,505 | 6.1% | 0.9% |
| **2022** | $284,211 | 14.0% | 0.8% |
| **2021** | $249,284 | -3.3% | 0.8% |
| **2020** | $257,827 | 70.2% | 1.0% |
| **2019** | $151,513 | 6.8% | 0.6% |
| **2018** | $141,897 | 14.8% | 0.6% |
| **2017** | $123,638 | 9.2% | 0.6% |
| **2016** | $113,225 | -26.2% | 0.6% |

## Distribution of Receipts

The Motor Vehicle Fund receives the first $50 million of the hazardous substance tax each biennium. These funds are exclusively for transportation stormwater activities and projects.

The following accounts receive the rest of the per-barrel receipts as follows:

- 60% to the Model Toxics Control Operating Account
- 25% to the Model Toxics Control Capital Account
- 15% to the Model Toxics Control Stormwater Account

The Model Toxics Control Capital Account receives the wholesale value taxes.

## History of the Hazardous Substance Tax

| Year | Event Description |
|---|---|
| 2026 | The tax exemption for agricultural crop protection products is extended through January 1, 2038. |
| 2024 | The tax exemption for agricultural crop protection products is extended through January 1, 2028. |
| 2021 | The timing of the $50 million 2021-2023 biennium transfer to the Motor Vehicle Fund changed from a single transfer at the beginning of the biennium to monthly transfers for the duration of the biennium. |

| Year | Event Description |
|---|---|
| 2019 | Beginning July 1, 2019, the calculation of the hazardous substance tax on petroleum products changed from a value-based rate to a volume-based rate of $1.09 per barrel. Beginning July 1, 2020, the department adjusts the rate annually. |
| 2015 | Added a hazardous substance tax exemption for the possession of agricultural crop protection products warehoused but not otherwise used or sold in Washington. |
| 2013 | Created the Environmental Legacy Stewardship Account and adjusted the distribution of funds between the State Toxics, Local Toxics, and Environmental Legacy Stewardship Accounts. |
| 2002 | Updated references to taxable hazardous substance products to those defined in federal law. |
| 1989 | The hazardous substance tax became effective on March 1 at a rate of 0.7% of the product's wholesale value. |
| 1988 | Voters passed Initiative 97 and established the hazardous substance tax. The tax replaced a similar hazardous substance tax. |

## Heavy Equipment Rental Tax

**Applicable RCW(s):** Chapter 82.51

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The rental price of heavy equipment rental property when a heavy equipment rental property dealer rents to a consumer.

Heavy equipment rental property means any equipment a heavy equipment property dealer rents, that is:

- Mobile and not permanently affixed to real property
- Customarily used for construction, earthmoving, or industrial applications
- Rented without an operator

### Tax Rate

1.25%

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $6,532 | 0.4% | 0.02% |
| **2024** | $6,505 | 4.2% | 0.02% |
| **2023** | $6,241 | 240.5% | 0.02% |
| **2022** | $1,833 | - | 0.01% |

### Distribution of Receipts

The following accounts receive the heavy equipment rental tax:

- The Motor Vehicle Fund receives 50%
- The Multimodal Transportation Account receives 50%

### History of the Heavy Equipment Rental Tax

| Year | Event Description |
|---|---|
| 2022 | Created the heavy equipment rental tax, effective January 1, 2022. |

## Individual Income Tax

**Applicable RCW(s):** Chapter 82A.04

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Taxable income attributed or apportioned to Washington.

### Tax Rate

9.9%

### Ten-Year Summary of Tax Collections

*Tax collections for the individual income tax will be available in fiscal year 2029.*

### Distribution of Receipts

The General Fund receives the individual income tax, except for 5% that is deposited into the Fair Start for Kids Account.

### History of the Individual Income Tax

| Year | Event Description |
|---|---|
| 2026 | Created the individual income tax effective January 1, 2028. A standard deduction of $1 million is provided, adjusted for inflation annually. |

## Industrial Insurance

**Applicable RCW(s):** Chapters 51.12 and 51.16

**Levied By:** State

**Administered By:** Department of Labor and Industries

### Tax Base

Most employers in Washington must carry no-fault industrial insurance for employees, also known as workers' compensation. The premium is based on the number of hours an employee works.

Tax exemptions may exempt certain employers from the tax or reduce the tax owed. For more information, refer to Chapters 51.12 and 51.16 RCW.

### Tax Rate

The premium rate a business pays is based on:

- Risk classifications assigned to the business
- Base rates for each risk classification
- Experience factor for the business

The premium rate is calculated by:

1. Multiplying the business's experience factor by the sum of the Accident Fund, Medical Aid Fund, and Stay at Work base rates.
2. Adding the base rate for the Supplemental Pension Fund.

#### *Risk Classification*

Businesses are classified according to their level of hazard or risk. There are over 300 risk classifications. A business may have more than one risk classification if it meets certain criteria. Each risk classification has its own base premium rates.

#### *Base rates*

Each risk classification has four base rates:

- Accident Fund: Pays for injured workers' wage replacement, permanent disability or death benefits, and some vocational retraining.
- Medical Aid Fund: Pays for healthcare and private vocational counselors for covered services provided to injured workers.
- Stay at Work Program: Partially reimburses employers for wages, training, and equipment costs provided under light-duty or transitional work for injured workers.

- Supplemental Pension Fund: Pays COLAs on extended wage replacement benefits.

### *Experience Factor*

The experience factor adjusts a business's base rates by comparing its experience with all businesses in the same risk classification.

## Ten-Year Summary of Tax Collections[1]

| Fiscal Year | Collections ($000) | YoY % Change |
|---|---|---|
| **2025** | $3,287,279 | 6.9% |
| **2024** | $3,074,884 | 6.6% |
| **2023** | $2,884,583 | 9.9% |
| **2022** | $2,625,221 | 7.4% |
| **2021** | $2,445,313 | -7.2% |
| **2020** | $2,635,304 | 0.3% |
| **2019** | $2,627,669 | -3.5% |
| **2018** | $2,723,488 | 3.2% |
| **2017** | $2,638,150 | 7.9% |
| **2016** | $2,444,264 | 5.3% |

Source: Washington Department of Labor and Industries

[1] Industrial Insurance is a state-mandated premium, not a tax; thus, the state share of tax collections is not included in this table.

## Distribution of Receipts

The Washington State Industrial Insurance Fund receives the industrial insurance tax. The tax pays for:

- Medical treatment, partial wage replacement, and other industrial insurance benefits to injured employees
- Operational and administrative expenses of the Department of Labor and Industries

The State Investment Board invests unspent funds.

## History of the Industrial Insurance Tax

| Year | Event Description |
|---|---|
| 2011 | Added changes to help prevent large rate increases in the future, including the Stay at Work Program, structured settlement agreements, and a rainy-day fund. |
| 1972 | Extended mandatory coverage from only extra-hazardous industries to include non-hazardous industries. |
| 1972 | Allowed firms with substantial financial resources and effective accident prevention programs to self-insure. |
| 1911 | Created the industrial insurance program. |

## Insurance Premium Tax

**Applicable RCW(s):** Chapter 48.14, RCW 48.15.120, and 48.201.040

**Levied By:** State

**Administered By:** Office of the Insurance Commissioner

### Tax Base

Net premiums received by authorized insurers, surplus line brokers, and registered eligible captive insurers.

Ocean marine and foreign trade insurers pay tax on their net underwriting profit. Net underwriting profit means the net premiums received minus any net losses paid.

### Tax Rate

2% for authorized insurers, surplus line brokers, and registered eligible captive insurers.

0.95% for ocean marine and foreign trade insurers.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $1,022,502 | 15.2% | 2.8% |
| **2024** | $887,669 | 4.8% | 2.6% |
| **2023** | $847,075 | 2.8% | 2.4% |
| **2022** | $823,878 | 20.5% | 2.5% |
| **2021** | $683,639 | -1.1% | 2.3% |
| **2020** | $691,393 | 8.0% | 2.6% |
| **2019** | $640,128 | 1.5% | 2.5% |
| **2018** | $630,657 | 4.4% | 2.6% |
| **2017** | $603,963 | 13.0% | 2.7% |
| **2016** | $534,663 | -3.8% | 2.6% |

Source: Washington Office of the Insurance Commissioner

### Distribution of Receipts

The General Fund receives the insurance premium tax, except for:

- A portion dedicated to the Washington Auto Theft Prevention Authority Account
- A portion of the tax on fire insurance premiums
- Tax from premiums written on qualified health and dental plans offered through the Health Benefit Exchange

Insurance premium tax on fire insurance is distributed as follows:

- The Volunteer Fire Fighters' Relief and Pension Fund receives 40% of the receipts.
- The Firefighter's Pension Fund receives 25% of the receipts.
- The Fire Service Training Account receives 20% of the receipts.

## History of the Insurance Premium Tax

| Year | Event Description |
|---|---|
| 2021 | Legislation required captive insurers to register and pay the 2% premium tax. |
| 2014 | Directed premium tax collected on medical and stand-alone dental plans offered through the Health Benefit Exchange to the Health Benefit Exchange Account. |
| 2009 | Directed the General Fund to receive premium tax from health care insurance instead of the Health Services Account. |
| 2000 | Prohibited local governments from imposing a tax similar to the premium tax on health maintenance organizations (HMOs), health care service contractors (HCSCs), or self-funded multiple employer welfare arrangements. |
| 1997 | Re-enacted the tax credit for guaranty associations, eliminated in 1993. |
| 1994 | Allocated tax revenues from health care to the Health Services Account. |
| 1993 | Shifted health care companies, such as HMOs and HCSCs, from paying the business and occupation tax to paying the insurance premiums tax by imposing the 2% premium tax on premiums and prepayments. Allocated the revenues to the Health Services Account.<br>Eliminated the credit for the insurance premiums tax when a guaranty association paid the insurance claims of policyholders against insolvent companies. |
| 1986 | Merged the foreign and domestic rates into a single rate of 2%. The ocean marine rate remained 0.95%. |
| 1982 | Increased the foreign, domestic, and ocean marine tax rates by 0.16%. Added a surtax of 4%. |
| 1949 | Lowered the foreign rate to 2% and established a lower rate of 0.75% for ocean marine insurance. |
| 1937 | Reduced the tax rate to 1% for domestic companies and increased the rate for foreign companies to 2.25%. |
| 1891 | Established the first tax imposed in Washington - the insurance premium tax - at a rate of 2%. |

## Intermediate Care Facilities Tax

**Applicable RCW(s):** Chapter 82.65A

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Gross receipts of intermediate care facilities for services provided to individuals with intellectual disabilities.

The Department of Social and Health Services and the federal Department of Health and Human Services certify intermediate care facilities.

### Tax Rate

6%

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $9,984 | -3.8% | 0.03% |
| **2024** | $10,374 | 7.0% | 0.03% |
| **2023** | $9,697 | 5.8% | 0.03% |
| **2022** | $9,163 | -6.3% | 0.03% |
| **2021** | $9,781 | -8.1% | 0.03% |
| **2020** | $10,640 | 3.2% | 0.04% |
| **2019** | $10,312 | 1.1% | 0.04% |
| **2018** | $10,203 | 7.3% | 0.04% |
| **2017** | $9,507 | 5.4% | 0.04% |
| **2016** | $9,020 | 13.1% | 0.04% |

### Distribution of Receipts

The General Fund receives the intermediate care facilities tax to cover the state's share of the facilities' costs. The facilities receive federal funds on a matching basis.

### History of the Intermediate Care Facilities Tax

| Year | Event Description |
|---|---|
| 1992 | Lowered the tax rate to 6% effective July 1, 1993, to comply with new federal regulations for Medicaid reimbursement. |
| 1991 | Enacted the 15% intermediate care facilities tax at, effective April 1, 1992. |

## Leasehold Excise Tax

**Applicable RCW(s):** Chapter 82.29A

**Levied By:** State, counties, and cities

**Administered By:** Department of Revenue

### Tax Base

The contract rent paid for leasing or using publicly owned property.

Contract rent includes:

- Cash payments
- Rent paid by a sub-lessee
- A lessee's costs for the protection of the owner's interest in the property
- A lessee's costs for improvements that become the owner's property

Contract rent does not include:

- Costs reimbursed by an owner
- Costs for the repair or replacement of facilities due to fire or other loss
- Costs for improvements required by government action taken after a lease
- Improvements subject to personal property tax
- Payments for concession rights

The department may create a taxable rent computation when:

- The lease payment was not arrived at through competitive bidding, and the payment does not represent a fair market value lease.
- The owner and lessee negotiated the lease at least 10 years ago.

### Tax Rate

12.84%

- 6.84% goes to the state
- 6.00% goes to counties and cities

Counties and cities may impose this tax at a combined rate of 6%.

- A county can impose up to 6%
- A city can impose up to 4% that is credited against the county's rate

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $51,070 | 4.2% | 0.1% |
| **2024** | $49,008 | 7.2% | 0.1% |
| **2023** | $45,727 | 12.0% | 0.1% |
| **2022** | $40,842 | 9.8% | 0.1% |
| **2021** | $37,206 | 2.8% | 0.1% |
| **2020** | $36,205 | -0.2% | 0.1% |
| **2019** | $36,281 | 6.2% | 0.1% |
| **2018** | $34,150 | 3.1% | 0.1% |
| **2017** | $33,118 | 0.7% | 0.2% |
| **2016** | $32,900 | 15.4% | 0.2% |

## Distribution of Receipts

The General Fund receives the leasehold excise tax.

The state treasurer distributes the local receipts monthly.

## History of the Leasehold Excise Tax

| Year | Event Description |
|---|---|
| 2024 | Created an exemption for public lands when used for qualified affordable housing. |
| 2023 | Exempted certain leasehold interests in arenas with a seating capacity of more than 2,000. |
| 2022 | Exempted facilities owned by the Parks and Recreation Commission and listed on the National Register of Historic Places or the Washington Heritage Register until January 1, 2034. |
| 2021 | Changed the timing for the distribution of local receipts from bi-monthly to monthly. |
| 2020 | Made permanent the property tax exemption, leasehold excise tax, and payment instead of tax provisions for property owned by federally recognized Indian tribes and used for economic development. |
| 2019 | Expanded the exemption for hydrogen fueling stations and renewable hydrogen production facilities and extended the expiration to July 1, 2025. Also exempted certain public arenas from leasehold excise tax in King County. |
| 2014 | Extended the leasehold excise tax to leasehold interests in property owned exclusively by federally recognized Indian tribes. Excluded cannabis-related activities from leasehold excise tax preferences. |
| 2013 | Assessors do not have to maintain current property assessed values on publicly owned property subject to the leasehold excise tax. |
| 2010 | Exempted community centers from property tax for 40 years and added them to the leasehold excise tax. |

| Year | Event Description |
|---|---|
| 2001 | Shifted approximately 3,000 residential and recreational parcels at Lake Cushman in Mason County from leasehold excise tax to property tax, even though the land remains in public ownership. |
| 1999 | Modified the definition of leasehold interest to exclude a right of access to public properties for the purposes of exploring for energy resources or the removal of natural resource products. This removed livestock grazing leases from the tax base. Also, changed the definition of contract rent for product leases to exclude the value of products removed. |
| 1986 | Approved a provision limiting the leasehold excise tax to the amount due under the property tax. |
| 1982 | Added a 7% surtax. |
| 1976 | Created the leasehold excise tax with a rate of 12%, of which counties and cities could levy up to 6%. |
| 1973 | Imposed an excise tax of 14% of annual lease payments on leases effective before July 1, 1970, to provide some equity for leases of public property |
| 1971 | Imposed a moratorium on property taxes on public leases until 1974 for leases made since July 1, 1970. |
| 1970 | Washington's Supreme Court ruled in Pier 67 v King County that a leasehold interest in publicly owned property could be taxed. |

## Litter Tax

**Applicable RCW(s):** Chapter 82.19

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The value of products manufactured or sold in Washington, including:

- Food for human or pet consumption
- Groceries
- Cigarettes and tobacco products
- Soft drinks and carbonated water
- Wine, beer, and other malt beverages
- Newspapers and magazines
- Household paper and paper products
- Glass and metal containers
- Plastic or fiber containers made of synthetic materials
- Cleaning agents and toiletries
- Nondrug drugstore products

Instead of requiring grocery stores and drug stores to separately track which items are subject to the litter tax:

- Drug stores may report and pay tax on 50% of total sales
- Grocery stores may report and pay tax on 95% of total sales

### Tax Rate

0.015%

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $17,550 | 1.6% | 0.05% |
| **2024** | $17,279 | 7.4% | 0.05% |
| **2023** | $16,090 | 6.4% | 0.05% |
| **2022** | $15,127 | 6.7% | 0.05% |
| **2021** | $14,173 | 6.2% | 0.05% |
| **2020** | $13,340 | 2.4% | 0.05% |
| **2019** | $13,023 | 10.4% | 0.05% |
| **2018** | $11,795 | 0.6% | 0.05% |
| **2017** | $11,727 | 2.4% | 0.05% |
| **2016** | $11,453 | 5.4% | 0.06% |

## Distribution of Receipts

The Waste Reduction, Recycling, and Litter Control Account receives the litter tax.

The Department of Ecology uses these funds for various control programs, public education, and awareness programs related to litter control and recycling.

## History of the Litter Tax

| Year | Event Description |
|---|---|
| 2020 | Distributions to the State Parks Renewal and Stewardship Account ended on June 30, 2020. |
| 2019 | Authorized the distribution of $1.25 million per fiscal year to the State Parks Renewal and Stewardship Account until June 30, 2021. |
| 2017 | Extended the distribution of $5 million per fiscal year to the State Parks Renewal and Stewardship Account to June 30, 2019. |
| 2015 | Added the encouragement of proper and appropriate use as a purpose of the litter tax. Also made permanent additional changes to specific allowable uses of litter tax funds, as of 2013. |
| 2013 | Required a $5 million per fiscal year distribution to the State Parks Renewal and Stewardship Account until July 2017. |
| 2008 | Repealed the required biennial analysis of litter tax compliance. |
| 2005 | Exempted the sale of prepared food or beverages by caterers with certain requirements. |
| 2003 | Exempted food and beverages consumed indoors on the seller's premises. |
| 2001 | Exempted the sale of products for resale by a qualified grocery distribution cooperative to its customer-owners. |
| 1998 | Changed the annual reporting frequency to coincide with each taxpayer's reporting frequency. Added the requirement that the department perform a biennial analysis of litter tax compliance. |

| Year | Event Description |
|---|---|
| 1992 | Renamed the Model Litter Control and Recycling Act to the Waste Reduction, Recycling, and Model Litter Control Act. Authority given to the Department of Revenue to establish rules and allowed businesses to pay the tax based on a ratio of taxable activity to total sales. Allocated a portion of the tax receipts to youth litter control programs. |
| 1971 | Created the litter tax under the Model Litter Control and Recycling Act to fund litter control with annual payments. |

## Local Admissions Tax

**Applicable RCW(s):** 35.21.280, 35.57.100, 36.38.010, and 36.100.210

**Levied By:** Cities, towns, counties, and public facilities districts

**Administered By:** County auditors, city clerks, and public facilities districts

### Tax Base

The charge for admission to a place or event. The tax applies to:

- Season tickets or subscriptions
- Cover charges
- Charges for food and refreshments when providing free entertainment, recreation, or amusement
- Charges for the rental or use of recreational facilities and equipment
- Charges for vehicle parking if the charge is based on the number of passengers

### Tax Rate

A maximum of one cent per 20 cents (5%) of the admission charge.

King County may levy a tax of one cent per 10 cents (10%) of the admission charge for events at the football stadium, Lumen Field, and the adjacent exhibition center.

### Ten-Year Summary of Tax Collections

Collection information may be available from counties and cities imposing the tax, or from the State Auditor's Office's Financial Intelligence Tool.

### Distribution of Receipts

Jurisdictions use the tax as follows:

- **Counties**: For payments on bonds related to the construction of a baseball stadium and for repairing, re-equipping, and improving the constructed baseball stadium
- **Cities and towns**: For the construction, operation, maintenance, repair, replacement, or enhancement of the public facility in which an event occurs, or to develop, support, operate, or enhance programs in the public facility
- **Public facility districts**: For preparing and distributing information to the public. For promoting, advertising, improving, developing, operating, and maintaining facilities or regional centers

## History of the Local Admissions Tax

| Year | Event Description |
|---|---|
| 2012 | Authorized Seattle to collect a temporary admissions tax for certain college games played at the professional football stadium. |
| 1999 | Authorized admission taxes for tickets to events at regional centers. |
| 1997 | Extended exemptions to the professional football stadium and exhibition center in Seattle. |
| 1995 | Adopted an exemption from Seattle's admissions tax for the new professional baseball stadium and the 10% county tax for events at the baseball stadium. |
| 1943 | Repealed the state tax and authorized counties and cities to levy the tax. |
| 1935 | Created the admissions tax in the Revenue Act of 1935. |

## Local Employer Tax

**Applicable RCW(s):** 81.100.030 and 81.104.150

**Levied By:** King, Pierce, or Snohomish counties for high occupancy vehicle systems; Regional transportation investment districts (RTID) for authorized capital and RTID purposes; Counties, cities, metropolitan municipal corporations, public transportation benefit areas, high-capacity transportation corridor areas, and regional transit authorities if the district operates high-capacity transportation systems.

**Administered By:** The levying jurisdiction may contract with the department or another appropriate entity to collect the tax from employers.

### Tax Base

Full-time equivalent (FTE) employees working in the county or city.

Includes all employers (private firms and governmental agencies).

### Tax Rate

Up to $2.00 per FTE employee per month.

### Ten-Year Summary of Tax Collections

Collection information may be available from counties and cities imposing the tax, or from the State Auditor's Office's Financial Intelligence Tool.

### Distribution of Receipts

Counties and cities use the tax for local transportation-related purposes.

### History of the Local Employer Tax

| Year | Event Description |
|---|---|
| 2009 | Allowed a new type of taxing jurisdiction in Clark and Spokane counties, known as a high-capacity transportation corridor area, to impose the tax. |
| 2002 | Authorized regional transportation investment districts to impose an employer tax if a county does not already impose a tax. |
| 1990 | Adopted the local employer tax. |

## Local Gambling Tax

**Applicable RCW(s):** Chapter 9.46.110

**Levied By:** Counties, cities, and towns

**Administered By:** County treasurers and city clerks

### Tax Base

Operator's receipts from gambling activities, including:

- Amusement games
- Bingo
- Cardrooms
- Punchboards
- Pull-tabs
- Raffles

Except for cardrooms, receipts exclude amounts paid in prizes.

Tax exemptions may reduce operators' taxes. For more information, see Chapter 9.46 RCW.

### Tax Rate

| Type of Game | Tax Rate |
|---|---|
| **Amusement Games** | 2% of net receipts (cannot exceed enforcement costs) |
| **Bingo** | 5% of net receipts |
| **Cardrooms** | 20% of gross receipts |
| **Punchboards and Pull-tabs - Charitable** | 10% of net receipts |
| **Punchboards and Pull-tabs - Commercial** | 5% of gross receipts or 10% of net receipts |
| **Raffles** | 5% of net receipts over $10,000 |

### Ten-Year Summary of Tax Collections

Collection information may be available from counties and cities imposing the tax, or from the State Auditor's Office's Financial Intelligence Tool.

## Distribution of Receipts

Counties and cities use the tax for local gambling enforcement programs.

## History of the Local Gambling Tax

| Year | Event Description |
|---|---|
| 2020 | Increased the price limit on single-chance punchboards and pull-tabs from $1 to $5. |
| 1999 | Reduced the tax rate for bingo and raffles from 10% to 5%. |
| 1997 | Adopted different punchboard and pull-tab rates. |
| 1984 | Eliminated the tax on coin-operated pull-tab dispensing machines. |
| 1981 | Adopted a 20% tax rate for social card games. |
| 1977 | Reduced the maximum tax rate for amusement games to 2% and created a nonprofit exemption. |
| 1976 | Adopted a tax on coin-operated pull-tab dispensing machines. |
| 1973 | Adopted local taxation of certain nonprofessional gambling activities after a 1972 constitutional amendment authorized these activities. |
| 1952 | Eliminated the gambling tax on slot machines that the courts considered an unconstitutional form of lottery. |
| 1947 | Doubled the tax rates on gambling (slot) machine activity. |
| 1941 | Adopted the initial tax on gambling (slot) machine activity with rates of 10% and 20% depending upon the operator's skill. |

## Local Household Tax

**Applicable RCW(s):** 35.95.040

**Levied By:** Counties and cities

**Administered By:** County treasurer, county auditor, city treasurer, or city clerk.

### Tax Base

County or city residents as measured by household units.

### Tax Rate

Up to $1.00 per month per household.

### Ten-Year Summary of Tax Collections

Collection information may be available from counties and cities imposing the tax, or from the State Auditor's Office's Financial Intelligence Tool.

### Distribution of Receipts

Cities use the tax for the operation, maintenance, and capital purposes of municipally owned, leased, or operated transportation systems.

Counties use the tax for the unincorporated transportation benefit area.

### History of the Local Household Tax

| Year | Event Description |
|---|---|
| 1975 | Counties are allowed to levy the tax. |
| 1965 | The local household tax is adopted for cities. |

## Luxury Motor Vehicle Tax

**Applicable RCW(s):** 82.08.010, 82.08.817, and 82.12.818

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The sale or lease of a new or used motor vehicle that exceeds $100,000.

### Tax Rate

8%

### Ten-Year Summary of Tax Collections

*Tax collections for the luxury motor vehicle tax will be available in fiscal year 2026.*

### Distribution of Receipts

The Multimodal Transportation Account receives the luxury motor vehicle tax to fund transportation improvements.

### History of the Luxury Motor Vehicle Tax

| Year | Event Description |
|---|---|
| 2026 | Modified the use tax base to align with the corresponding sales tax base, prohibiting the value of any trade-in from being deducted from the tax base. |
| 2025 | Created the luxury motor vehicle tax, effective January 1, 2026. The tax is an additional 8% tax on the sale price and increases by 2% annually on July 1. |

## Motor Vehicle Fuel Tax

**Applicable RCW(s):** Chapter 82.38

**Levied By:** State

**Administered By:** Department of Licensing

### Tax Base

Fuel suppliers, distributors, refiners, and blenders pay tax on each gallon of fuel imported, produced, or delivered from a terminal rack in Washington.

Fuel includes motor vehicle fuel and special fuel:

- Motor vehicle fuel (MVF) is gasoline and other inflammable gases or liquids used to propel motor vehicles or boats.
- Special fuel is all combustible gases and liquids used to propel motor vehicles, such as diesel, biodiesel, natural gas, propane, and butane.

### Tax Rate

Through June 30, 2027:

- 56.5 cents per gallon for motor vehicle fuel
- 59.5 cents per gallon for special fuel

Through June 30, 2028:

- 57.6 cents per gallon for motor vehicle fuel
- 63.6 cents per gallon for special fuel

In lieu of the per-gallon tax, natural gas and propane-powered vehicle owners pay an annual license fee based on gross vehicle weight. The fee is calculated by multiplying the appropriate annual fee below by the special fuel tax rate and dividing by 12 cents.

| Vehicle Tonnage (Gross Vehicle Weight) | Annual Fee |
|---|---|
| **0 – 6,000** | $45 |
| **6,001 - 10,000** | $45 |
| **10,001 – 18,000** | $80 |
| **18,001 – 28,000** | $110 |
| **28,001 – 36,000** | $150 |
| **36,001 and above** | $250 |

Federal motor vehicle tax rates also apply:

- 18.4 cents per gallon for gasoline
- 18.3 cents per gasoline gallon equivalent for compressed natural gas and propane
- 24.4 cents per gallon for diesel and biodiesel
- 24.3 cents per diesel gallon equivalent for liquified natural gas

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $1,516,420 | -0.8% | 4.2% |
| **2024** | $1,528,378 | -2.1% | 4.4% |
| **2023** | $1,560,589 | -2.4% | 4.4% |
| **2022** | $ 1,598,404 | 5.7% | 4.8% |
| **2021** | $ 1,512,759 | -3.2% | 5.0% |
| **2020** | $ 1,562,300 | -7.4% | 5.8% |
| **2019** | $ 1,686,401 | -1.6% | 6.6% |
| **2018** | $ 1,713,092 | -5.3% | 7.2% |
| **2017** | $ 1,809,856 | 26.1% | 8.2% |
| **2016** | $ 1,435,191 | 16.9% | 7.0% |

Source: Washington State Department of Licensing

## Distribution of Receipts

The Motor Vehicle Fund receives the MVF license fee.

The MVF per-gallon rates are distributed as follows (rates effective through June 30, 2027):

| Account or Fund | MVF Distribution | Special Fuel Distribution |
|---|---|---|
| **Motor Vehicle Fund** | 28.7166% | 32.0582% |
| **Connecting Washington Account** | 21.4801% | 20.3973% |
| **Transportation Partnership Account** | 14.2900% | 13.5696% |
| **Nickel Account** | 9.0253% | 8.5703% |
| **Transportation Improvement Account** | 5.4941% | 5.2171% |
| **Special Category C Account** | 1.3538% | 1.2856% |
| **Rural Arterial Trust Account** | 1.0530% | 0.9999% |
| **County Arterial Preservation Account** | 0.8123% | 0.7713% |
| **Puget Sound Ferry Capital Construction Account** | 0.9850% | 0.9354% |
| **Puget Sound Ferry Operations Account** | 0.9666% | 0.9179% |
| **Cities** | 9.6828% | 9.3207% |
| **Counties** | 6.1404% | 5.9568% |

The Washington Joint Transportation Committee's Transportation Resource Manual provides detailed information on how this tax is used.

## History of the Motor Vehicle Fuel Tax

| Year | Event Description |
|---|---|
| 2025 | Increased the MVF tax rate by 6 cents per gallon, effective July 1, 2025. Increased the special fuel tax rate by 9 cents per gallon effective July 1, 2025, and again by 3 cents per gallon effective July 1, 2027. Beginning July 1, 2026, the MVF and special fuel tax rates increase by 2% annually. The Motor Vehicle Fund receives the revenue from these increases, except that unincorporated cities and counties each receive 2.5%. |
| 2015 | Increased the state tax rate by 7 cents per gallon in fiscal year 2016 and by an additional 4.9 cents per gallon in fiscal year 2017 with the Connecting Washington Transportation Act. |
| 2013 | Merged Chapter 82.36 RCW with Chapter 82.38 RCW effective July 1, 2016. |
| 2005 | Created and adopted the Transportation Partnership Act, which resulted in a phased-in 7-cent per gallon state motor vehicle and special fuel tax increase. |
| 2003 | Created the Nickel Transportation Account, funded by a 5-cent increase in the state motor vehicle and special fuel tax rates. Each county in a regional transportation investment district may levy a local fuel tax equal to up to 10% of the state rate. Responsibility for administration moved from the Department of Licensing to the Department of Revenue. |
| 1998 | The reporting of MVF tax shifted from the distributor to the fuel owner when delivered from a refinery or terminal facility into Washington. |
| 1991 | Allowed border jurisdiction areas to create an MVF tax of up to 1 cent per gallon. |
| 1990 | Allowed county fuel taxes. |
| 1983 | Ended the fluctuating fuel tax rate. |
| 1978 | Created a fluctuating fuel tax rate calculated using the average price of fuel and highway budgetary needs |
| 1971 | Created the special fuel tax with a rate of 9 cents per gallon. |
| 1944 | Voters approved the 18th Amendment to the state constitution, requiring the use of fuel tax revenues for highway purposes. |
| 1941 | Created a separate fuel “use” tax of 5 cents per gallon for diesel fuel. |
| 1933 | Created refunds for off-highway vehicle use. |
| 1921 | Created the motor vehicle fuel tax. |

## Oil Spill Tax

**Applicable RCW(s):** Chapter 82.23B

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Crude oil or petroleum products transported into Washington by ship, barge, railroad tank car, or pipeline and off-loaded at an in-state marine or a bulk oil terminal.

### Tax Rate

The oil spill tax rate is up to 5 cents per 42-gallon barrel and includes:

- The 4-cent oil spill administration tax
- The 1-cent oil spill response tax

The one-cent oil spill response tax applies only when the Oil Spill Response Account balance falls below $8 million. It remains in effect until the balance exceeds $9 million.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $5,351 | -9.6% | 0.01% |
| **2024** | $5,921 | -5.1% | 0.02% |
| **2023** | $6,241 | -13.3% | 0.02% |
| **2022** | $7,197 | 0.9% | 0.02% |
| **2021** | $7,130 | 4.7% | 0.02% |
| **2020** | $6,809 | -0.1% | 0.03% |
| **2019** | $6,814 | 44.8% | 0.03% |
| **2018** | $4,705 | 3.4% | 0.02% |
| **2017** | $4,551 | 13.3% | 0.02% |
| **2016** | $4,016 | 26.1% | 0.02% |

### Distribution of Receipts

The Military Department Active State Service Account receives the first $200,000 of taxes from the oil spill administration tax. The Oil Spill Prevention Account receives the remaining taxes. The state uses these funds for:

- The prevention of and response to oil spills in state waters and controlling water pollution.

- Administrative costs incurred by the Department of Ecology and the Office of Marine Safety.

The Oil Spill Response Account receives all taxes from the oil spill response tax. The state uses these funds to:

- Respond to spills and the imminent threat of spills of crude oil or petroleum products into state waters
- Pay for the use of emergency response towing vessels

## History of the Oil Spill Tax

| Year | Event Description |
|---|---|
| 2018 | Extended the tax to oil received at bulk oil terminals from pipelines. |
| 2015 | Extended the tax to oil received at bulk oil terminals from railroad tank cars. |
| 1999 | Decreased the deactivation trigger for the oil spill response tax from $10 million to $9 million and the activation trigger from $9 million to $8 million. |
| 1997 | Decreased the oil spill response tax rate from 2 cents to 1 cent per barrel and increased the oil spill administration tax rate from 3 cents to 4 cents per barrel. Transferred program administration to the Department of Ecology. |
| 1992 | The person subject to the tax changed from the owner of the product at the time just before off-loading to the owner when the product transfers to storage tanks. |
| 1991 | Created the oil spill tax at a rate of 3 cents per gallon for the Administration Account and 2 cents for the Response Account. Created the Office of Marine Safety to administer subsequent programs. |

## Pari-mutuel Tax

**Applicable RCW(s):** 67.16.105

**Levied By:** State

**Administered By:** Horse Racing Commission

### Tax Base

Licensed conductors of horse racing events pay tax on the gross receipts from pari-mutuel machines.

A "pari-mutuel machine" registers bets, then calculates and posts the changing odds and final payouts.

### Tax Rate

Based on a taxpayer's previous year's gross receipts, the tax rates are:

- 1.8% on gross receipts of less than $20 million
- 1.30% on gross receipts of $20 million or more

Additionally, the Horse Racing Commission receives:

- 0.1% of daily gross receipts
- 1.0% of daily gross receipts from exotic wagers

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $817 | 10.2% | 0.00% |
| **2024** | $742 | -3.9% | 0.00% |
| **2023** | $772 | -14.4% | 0.00% |
| **2022** | $901 | 21.3% | 0.00% |
| **2021** | $742 | -13.4% | 0.00% |
| **2020** | $858 | -39.3% | 0.00% |
| **2019** | $1,413 | -3.4% | 0.01% |
| **2018** | $1,463 | -2.1% | 0.01% |
| **2017** | $1,495 | -2.2% | 0.01% |
| **2016** | $1,528 | 19.2% | 0.01% |

Source: Washington State Horse Racing Commission

## Distribution of Receipts

The Horse Racing Commission receives the pari-mutuel tax

for operating expenses. Any amount remaining at the end of the fiscal biennium is distributed to Washington-registered equestrian nonprofits or equine-related youth organizations, or the state treasurer deposits it into the Fair Fund.

The commission distributes the additional amounts received as follows:

- 0.1% of the additional 1.1% funds nonprofit race meets
- The Washington Bred Owners' Bonus Fund and Breeder Awards Account receives:
    - 1% of the additional 1.1%
    - All receipts from the additional 1% on exotic wagers

## History of the Pari-mutuel Tax

| Year | Event Description |
|---|---|
| 2025 | Modernized horse-racing laws due to the decline in the industry by standardizing license fees, lowering tax thresholds, tax rates, and granting the Horse Racing Commission more flexibility to support the equine industry. |
| 2020 | Due to the impact of the COVID pandemic, in-state wagering fell below $50 million, and the tax rate increased to 1.803%. |
| 2017 | Designated the collection of the additional 1% retained by the racing association on all exotic wagering for the Washington Bred Bonus Fund. A review determined the addition applied only to live races offered at the racing facility, exempting Simulcast wagers. |
| 2009 | Gave the Horse Racing Commission the authority to collect and distribute the additional 1% tax on exotic wagers to the Washington bred breeders' awards. |
| 2004 | Allowed advance deposit wagering (ADW) and full card simulcasting to satellite locations. ADW is the ability of Washington residents to wager on races, both inside and outside the state, via telephone or internet. |
| 2003 | Increased the tax rate for race meets with annual gross in-state pari-mutuel receipts of $50 million or less from 0.520% of the daily gross receipts to 1.803%. |
| 2001 | The temporary pari-mutuel tax rate reductions became permanent. |
| 1998 | Reduced the pari-mutuel tax rates temporarily. |
| 1991 | Reduced the top pari-mutuel tax rate to 2.5%. |
| 1987 | Allowed wagering at satellite locations. |
| 1985 | Reduced the pari-mutuel tax rates to a range of 0.5% to 4%. |
| 1982 | Revised the pari-mutuel tax rate schedule. |
| 1979 | Lowered the pari-mutuel tax rate to 4.5% for smaller meets. |
| 1933 | Created the pari-mutuel tax at a rate of 5%. |

## Peer-to-Peer Vehicle Sharing Tax

**Applicable RCW(s):** 82.08.080(2)(b)

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The selling price of peer-to-peer car-sharing transactions in which the owner obtained the shared vehicle for resale with a reseller permit or an approved exemption certificate.

In a peer-to-peer car-sharing transaction, the vehicle owner authorizes an individual to use the vehicle through a peer-to-peer car-sharing program.

### Tax Rate

9.9%

### Ten-Year Summary of Tax Collections

*Tax collections for the peer-to-peer vehicle sharing tax will be available in fiscal year 2027.*

### Distribution of Receipts

The Multimodal Transportation Account receives the peer-to-peer vehicle sharing tax.

### History of the Peer-to-Peer Vehicle Sharing Tax

| Year | Event Description |
|---|---|
| 2026 | Created a certification process and recordkeeping requirements for peer-to-peer vehicle sharing programs. |
| 2025 | Created the peer-to-peer vehicle sharing tax effective January 1, 2027. |

## Petroleum Products Tax

**Applicable RCW(s):** Chapter 82.23A

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The wholesale value of petroleum products when first possessed in Washington.

### Tax Rate

0.3%

The petroleum tax only applies when the Pollution Liability Insurance Program Trust Account falls below $15 million. It remains in effect until the account exceeds $30 million.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $38,220 | 0.6% | 0.11% |
| **2024** | $38,003 | 28.7% | 0.11% |
| **2023** | $29,522 | 10.4% | 0.08% |
| **2022** | $26,732 | 7.9% | 0.08% |
| **2021** | $24,776 | 124% | 0.08% |
| **2020** | $11,042 | -66% | 0.04% |
| **2019** | $32,828 | 220% | 0.13% |
| **2018** | $10,245 | -69% | 0.04% |
| **2017** | $32,665 | 28% | 0.15% |
| **2016** | $25,563 | 4,830% | 0.13% |

### Distribution of Receipts

The Pollution Liability Insurance Program Trust Account receives the petroleum products tax. If the account balance exceeds $7.5 million in a biennium, the Pollution Liability Insurance Agency Underground Storage Tank Revolving Account may receive a transfer of up to $20 million.

The Pollution Liability Insurance Agency uses the Pollution Liability Insurance Program Trust Account to administer pollution liability insurance and emergency programs.

## History of the Petroleum Products Tax

| Year | Event Description |
|---|---|
| 2023 | Effective October 1, 2023, the tax rate was increased to 0.3%, and the tax "trigger" thresholds for a start and suspension (between $15 million and $30 million) were doubled. |
| 2016 | Created and partially funded the Pollution Liability Insurance Agency Underground Storage Tank Revolving Account through transfers from the Pollution Liability Insurance Program Trust Account. Also, reduced the tax rate to 0.15% effective July 1, 2021, and extended the tax through July 1, 2030. |
| 2012 | Reduced the tax rate from 0.5% to 0.3% and extended the tax through July 1, 2020. |
| 2006 | Extended the tax through June 1, 2013. |
| 2000 | Extended the tax through June 1, 2007. |
| 1996 | Extended the tax through June 1, 2001. |
| 1989 | Created the petroleum products tax at a rate of 0.5% and set the tax to expire on June 1, 1995. |

## Property Tax

**Applicable RCW(s):** Title 84

**Levied By:** The state levies the state school property tax. Counties, cities, school districts, fire districts, ports, libraries, public utilities, hospitals, parks, and other local taxing districts levy local property taxes.

**Administered By:** County treasurers collect and distribute property taxes. County assessors also physically inspect each property at least once every six years.

### Tax Base

Property tax applies to the assessed value of all real and personal property located in Washington, unless specifically exempted. Real property includes land, buildings, improvements, and structures. Personal property includes machinery, equipment, business supplies, non-attached mobile homes, state-assessed commercial vessels and utility property, and other movable items.

Property is valued annually. County assessors value each property in their county, and the Department of Revenue values state-assessed property, such as that of interstate utility companies.

Assessed values reflect the highest and best use of the property at 100% of market value. There are a few exceptions to this valuation method, such as:

- The property is an agricultural, open space, or timber land property.
- The property is designated forest land.
- The property owner qualifies for a senior citizen and disabled homeowners' property tax exemption.

### Tax Rate

County assessors determine the rate for each taxing district by dividing the allowed levy amount by the total taxable value of all real and personal property. The law provides:

- A statutory maximum rate for regular levy rates
- A $5.90 aggregate limit for certain local regular levies
- A constitutional 1% limit for all regular levies, except ports and public utility districts

Regional libraries calculate their own levy rates and provide this information to county assessors.

The Levy Manual contains the statutory maximum rate for regular taxing districts and provides further information on the two aggregate limits.

The Property Tax Statistics webpage includes taxing district levies, values, and current rates.

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $4,713,457 | 2.2% | 13.1% |
| **2024** | $4,612,037 | 2.3% | 13.4% |
| **2023** | $4,509,274 | 1.3% | 12.7% |
| **2022** | $4,450,411 | 0.4% | 13.3% |
| **2021** | $4,432,353 | 24.2% | 14.8% |
| **2020** | $3,568,185 | 6.2% | 13.3% |
| **2019** | $3,359,107 | 21.8% | 13.0% |
| **2018** | $2,758,216 | 31.4% | 11.5% |
| **2017** | $2,099,211 | 1.8% | 8.2% |
| **2016** | $2,061,206 | 2.1% | 7.7% |

## Distribution of Receipts

The General Fund receives state school property tax levies to support basic education.

County treasurers distribute local property taxes to each taxing district.

## History of the Property Tax

| Year | Event Description |
|---|---|
| | Property taxes started before Washington became a state. The Levy Manual and the History of Major Washington Taxes provide a comprehensive history of events related to property taxes in Washington. |

## Public Utility Tax

**Applicable RCW(s):** Chapter 82.16

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Gross income from the operation of public and privately owned utilities for services including transportation, communications, and the distribution of energy or water. In lieu of the business and occupation tax, this tax applies only to sales to consumers.

### Tax Rate

Six different rates apply, depending upon the specific utility activity:

| Public Utility Tax Classification | Tax Rate |
|---|---|
| **Distribution of water** | 5.0290% |
| **Generation/distribution of electrical power** | 3.8734% |
| **Log transportation** | 1.3696% |
| **Telegraph companies, natural gas distribution, and sewage collection** | 3.8520% |
| **Urban transportation and watercraft vessels under 65 feet in length** | 0.6420% |
| **Motor transportation, railroads, railroad car companies, and all other public service businesses** | 1.9260% |

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $612,112 | 9.0% | 1.7% |
| **2024** | $561,534 | -1.8% | 1.6% |
| **2023** | $571,668 | 11.8% | 1.6% |
| **2022** | $511,472 | 16.3% | 1.5% |
| **2021** | $439,708 | 3.9% | 1.5% |
| **2020** | $423,230 | 0.4% | 1.6% |
| **2019** | $421,737 | 0.1% | 1.6% |
| **2018** | $421,403 | -1.1% | 1.8% |
| **2017** | $425,985 | 1.3% | 1.9% |
| **2016** | $420,623 | 5.0% | 2.1% |

## Distribution of Receipts

The General Fund receives public utility tax, except for the following deposits to the Public Works Assistance Account:

- 20% of receipts from the 4.7% tax on water distribution
- 60% of receipts from the 3.6% tax on sewerage collection

## History of the Public Utility Tax

| Year | Event Description |
|---|---|
| 2024 | Created an exemption for transactions involving Climate Commitment Act credits, allowances, or price ceiling units. The exemption applies retroactively and prospectively for covered entities, opt-in entities, or entities that receive no-cost allowances.<br>*For a comprehensive public utility tax history, see the Department of Revenue webpage History of Major Washington Taxes.* |

## Public Utility Privilege Tax

**Applicable RCW(s):** Chapter 54.28

**Levied By:** State and cities

**Administered By:** Department of Revenue

### Tax Base

Amounts received by a public utility district (PUD) for the sale of electricity generated, transmitted, or distributed by the district.

### Tax Rate

For hydroelectric dams and other electricity-generating facilities:

- 2% on sales of power distributed through a district's distribution systems to consumers
- 5% on the first 4 mils per kilowatt hour for either:
  - wholesale value of self-generated energy distributed to a district's customers
  - revenue from the resale of self-generated energy

For thermal electric generating facilities:

- 1.5% of the wholesale value of energy produced for sale or use

An additional 7% surtax applies to the above tax rates.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $65,157 | 5.1% | 0.18% |
| **2024** | $61,969 | -2.0% | 0.18% |
| **2023** | $63,203 | 6.0% | 0.18% |
| **2022** | $59,623 | 1.8% | 0.18% |
| **2021** | $58,579 | 0.4% | 0.20% |
| **2020** | $58,356 | -0.4% | 0.22% |
| **2019** | $58,608 | 2.9% | 0.23% |
| **2018** | $56,942 | 5.6% | 0.24% |
| **2017** | $53,903 | 5.3% | 0.24% |
| **2016** | $51,180 | 0.5% | 0.25% |

### Distribution of Receipts

The following funds receive a portion of the hydroelectric dams and other electricity-generating facilities' PUD privilege taxes:

- The General Fund receives 4%
- The other 96% is split between:
    - The General Fund for public schools receives 37.6%
    - Counties with a generating facility receive the remaining proportionately

The following funds receive the thermal electric generating facilities' PUD privilege taxes:

- The General Fund receives 4%
- The other 96% is split:
    - The General Fund for public schools receives 50%
    - Counties receive 22%
    - Cities receive 23%
    - Fire protection districts receive 3%
    - Library districts receive 2%

The General Fund receives the 7% surtax.

## History of the PUD Privilege Tax

| Year | Event Description |
|---|---|
| 2021 | Changed the PUD privilege tax due date to February 25. Directs the state treasurer to distribute the tax at the same time as local sales and use taxes. |
| 2018 | Requires PUDs to calculate the tax due, rather than the Department of Revenue. PUDs must report the tax at the same frequency as their excise tax returns. |
| 2017 | The PUD privilege tax became subject to the general administrative provisions of RCW Title 82. |
| 2011 | Specified special tax receipts distribution for certain districts. |
| 2010 | Added “regularly recurring charge billed to consumers as a condition of receiving electric energy” to the definition of gross income. |
| 2004 | Clarified that when PUDs provide wholesale telecommunications services, they must separately account for those revenues. |
| 1983 | Made the surtax permanent. |
| 1982 | Added a 7% surtax to the PUD privilege tax rates. |
| 1977 | Established the 1.5% rate on the wholesale value of power for nuclear-generating plants at Hanford. |
| 1959 | Changed the rate structure by adding a millage rate of the first 4 mils. |
| 1949 | Changed the rate structure to include the tax on self-generated energy. |
| 1941 | Enacted the PUD privilege tax at the rate of 2%. |

## Real Estate Excise Tax

**Applicable RCW(s):** Chapter 82.45

**Levied By:** State, counties, and cities

**Administered By:** Department of Revenue and county treasurers

### Tax Base

The selling price of real property, including the amount of any liens, mortgages, or other debts. Typically, the property seller pays the tax.

The tax also applies to transfers of controlling interests (50% or more) in entities that own real property in the state.

### Tax Rate

Different portions of the sale price are subject to different tax rates.

Every four years, the selling price thresholds are updated to reflect the lesser of the consumer price index for shelter over the past four years or 5%.

Thresholds and tax rates through December 31, 2026:

| For the portion of the selling price from | Up to | The tax rate is |
|---|---|---|
| $0 | $525,000 | 1.10% |
| $525,000.01 | $1,525,000 | 1.28% |
| $1,525,000.01 | $3,025,000 | 2.75% |
| $3,025,000.01 | And up | 3.00% |

Estimated thresholds and tax rates beginning January 1, 2027:

| For the portion of the selling price from | Up to | The tax rate is |
|---|---|---|
| $0 | $551,000 | 1.10% |
| $551,000.01 | $1,551,000 | 1.28% |
| $1,551,000.01 | $3,051,000 | 2.75% |
| $3,051,000.01 | And up | 3.00% |

A flat state rate of 1.28% applies to sales of agricultural land and timberland.

All counties, and many cities and towns, impose a local REET.

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $1,527,367 | 25.8% | 4.2% |
| **2024** | $1,213,942 | -13.6% | 3.5% |
| **2023** | $1,405,795 | -43.8% | 4.0% |
| **2022** | $2,503,190 | 36.2% | 7.5% |
| **2021** | $1,837,324 | 47.6% | 6.1% |
| **2020** | $1,245,078 | 5.0% | 4.6% |
| **2019** | $1,186,273 | 0.3% | 4.6% |
| **2018** | $1,183,271 | 8.7% | 5.0% |
| **2017** | $1,088,609 | 13.5% | 4.9% |
| **2016** | $959,492 | 18.6% | 4.7% |

## Distribution of Receipts

The real estate excise tax is distributed as follows:

- 79.4% goes to the General Fund
- 5.2% goes to the Public Works Assistance Account
- 1.4% goes to the City-County Assistance Fund
- The Education Legacy Trust Account receives the remainder

## History of the Real Estate Excise Tax

| Year | Event Description |
|---|---|
| 2026 | Expanded the definition of "timberland" to include certain forestlands transferred or sold to a governmental entity. |
| 2025 | Beginning January 1, 2026, the sale of qualified space within an affordable housing development to a qualifying organization used for an exempted community purpose is exempt. |
| 2023 | Created the Down Payment Assistance Account, which receives the revenue from the REET on sales of condominiums or townhouses that utilize the down payment assistance program offered by the Washington State Housing Finance Commission. |
| 2022 | Beginning January 1, 2023, the sale or transfer of real property to a qualifying grantee using the property as low-income housing is exempt. *For a comprehensive real estate excise tax history, see the Department of Revenue webpage History of Major Washington Taxes.* |

## Renewable Energy Excise Tax

**Applicable RCW(s):** Chapter 82.96

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Megawatt (MW) of nameplate capacity of electricity-generating systems using solar or wind power, or MW-hour of storage capacity of battery- electric storage systems.

### Tax Rate

For electricity-generating systems with a nameplate capacity of at least 10 MW of power:

- $968 per year per MW of nameplate capacity for solar power
- $1,200 per year per MW of nameplate capacity for wind power

For battery-electric storage systems that have at least 10 MW of storage:

- $156 per MW-hour of storage capacity

### Ten-Year Summary of Tax Collections

*Tax collections for the renewable energy excise tax will be available in fiscal year 2028.*

### Distribution of Receipts

The Local Investment Distribution Account receives the renewable energy excise tax.

### History of the Renewable Energy Excise Tax

| Year | Event Description |
|---|---|
| 2026 | Repealed the production excise tax and replaced it with the renewable energy excise tax. Owners of qualified renewable energy and storage facilities pay the renewable energy excise tax. The qualified facilities are exempt from personal property tax. The new tax begins January 1, 2028. |
| 2023 | Created a production excise tax on energy generated by qualified renewable energy systems that are exempt from personal property tax. |

## Rental Car Tax

**Applicable RCW(s):** 82.08.020(2)(a) and 82.08.011

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The rental price of a passenger car when rented for a period of less than 30 consecutive days.

### Tax Rate

11.9% (until December 31, 2026)

9.9% (beginning January 1, 2027)

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $43,827 | -5.3% | 0.12% |
| **2024** | $46,296 | 3.8% | 0.13% |
| **2023** | $44,605 | 9.3% | 0.13% |
| **2022** | $44,806 | 97.7% | 0.12% |
| **2021** | $20,643 | -34.8% | 0.07% |
| **2020** | $31,663 | -12.3% | 0.12% |
| **2019** | $36,110 | 6.1% | 0.14% |
| **2018** | $34,047 | 4.4% | 0.14% |
| **2017** | $32,611 | 2.7% | 0.15% |
| **2016** | $31,765 | 8.7% | 0.16% |

### Distribution of Receipts

The Multimodal Transportation Account receives the rental car tax.

### History of the Rental Car Tax

| Year | Event Description |
|---|---|
| 2025 | Increased the rental car tax rate to 11.9% from January 1 to December 31, 2026, and to 9.9% beginning January 1, 2027. |
| 2000 | Ended the motor vehicle excise tax and directed the receipts from the rental car tax to the newly created Multimodal Transportation Account. |
| 1992 | The rental car tax was created at a rate of 5.9% effective January 1, 1993. |

## Replacement Vehicle Tire Fee

**Applicable RCW(s):** 70A.205.405

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The retail selling price of each new replacement vehicle tire.

### Tax Rate

$5.00 per tire

The seller may retain 25 cents per tire to cover collection costs.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $4,664 | 0.0% | 0.01% |
| **2024** | $4,662 | -0.8% | 0.01% |
| **2023** | $4,699 | 5.4% | 0.01% |
| **2022** | $4,457 | 4.5% | 0.01% |
| **2021** | $4,264 | 0.7% | 0.01% |
| **2020** | $4,232 | -5.9% | 0.02% |
| **2019** | $4,496 | 9.1% | 0.02% |
| **2018** | $4,123 | -3.3% | 0.02% |
| **2017** | $4,262 | -0.3% | 0.02% |
| **2016** | $4,276 | 15.2% | 0.02% |

### Distribution of Receipts

The replacement vehicle tire fee is distributed as follows:

- The Waste Tire Removal Account receives the first $600,000
- The Motor Vehicle Fund receives $4.75 million
- The Move Ahead WA Flexible Account receives any remaining receipts

The Department of Ecology uses the Waste Tire Removal Account funds to clean up and prevent unauthorized piles of waste vehicle tires.

## History of the Replacement Vehicle Tire Fee

| Year | Event Description |
|---|---|
| 2026 | Clarified that the amount of the fee that a retailer can retain is $0.25 cents per tire. |
| 2025 | Increased the fee from $1 to $5 per tire on the retail sale of new replacement vehicle tires. Tire retailers may now retain $0.25 of the fee per tire sold.<br><br>Modified the tax distribution: each fiscal year, the first $600,000 is deposited into the Waste Tire Removal Account and the remaining amounts into the Motor Vehicle Fund. |
| 2020 | Recodified chapter 70.95 to chapter 70A.205. |
| 2009 | Removed the June 30, 2010, sunset date and made the fee permanent. On September 1 of odd-numbered years, the Motor Vehicle Account receives any Waste Tire Removal Account balance over $1 million. |
| 2005 | Restarted the $1 per tire replacement vehicle tire fee for five years beginning July 1, 2005. Created the Waste Tire Removal Account to receive the fees. The account funds are used to clean up and prevent unauthorized waste tire piles. |
| 1994 | The tire fee ended on September 30. |
| 1989 | Changed the fee to $1.00 per tire and set a sunset date of August 31, 1994. |
| 1985 | Created the replacement tire fee at a rate of 0.12% of gross receipts from the sale of new replacement vehicle tires. |

## Sales Tax

**Applicable RCW(s):** Chapter 82.08

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The selling price of tangible personal property, certain services, and other products.

Unless specifically excluded, the tax applies to sales of:

- Tangible personal property
- Digital goods, digital codes, and digital automated services
- Certain services, such as installation, repair, cleaning, altering, improving, construction, and decorating
- Extended warranties to consumers
- Certain recreational activities
- Lodging for less than 30 days
- Other products and services defined as a "retail sale"

### Tax Rate

6.5%

An additional 0.5% state tax applies to the sale or lease of new motor vehicles or recreational vessels and the sale of used motor vehicles or recreational vessels.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $15,169,471 | 2.0% | 42.1% |
| **2024** | $ 14,868,952 | -0.1% | 43.1% |
| **2023** | $14,884,882 | 5.7% | 42.1% |
| **2022** | $14,076,516 | 12.4% | 42.1% |
| **2021** | $12,525,688 | 10.3% | 41.8% |
| **2020** | $11,357,457 | 1.7% | 47.3% |
| **2019** | $11,170,430 | 8.5% | 42.3% |
| **2018** | $10,291,675 | 8.2% | 43.1% |
| **2017** | $9,514,975 | 6.0% | 43.2% |
| **2016** | $8,979,623 | 8.8% | 44.1% |

## Distribution of Receipts

The General Fund receives the sales tax, except as follows:

- The Multimodal Transportation Account receives the 0.5% additional taxes on motor vehicle and recreational vessel sales or leases.
- The Multimodal Transportation Account receives 0.1% of the state retail sales tax beginning on July 1, 2027.
- The Advanced Environmental Mitigation Account receives the tax from sales of lead racing fuel.
- The Statewide Tourism Marketing Account receives 0.2% of the tax from lodging, car rentals, and restaurants, not exceeding $3 million per biennium.
- The Office of the Washington State Auditor receives 0.16% of these taxes to fund comprehensive performance audits.

## History of the Sales Tax

| Year | Event Description |
|---|---|
| 2026 | Eliminated the sales tax exemption for data centers that qualified through the "refurbishment" of a pre-existing facility. |
| 2026 | Excludes temporary staffing services for hospital-based clinics from the definition of a retail sale. |
| 2026 | Clarified the definition of "Live Presentations." |
| 2026 | Created an exemption for the sales of certain retail services to schools and libraries from retail sales tax. |
| 2026 | Effective January 1, 2029, select services are not subject to retail sales tax, including:<br>• Information technology and custom website development services<br>• Custom software and customization services<br>• Investigation, security, and armored car services<br>• Temporary staffing services<br>• Live presentations and other select digital automated services |
| 2026 | Created an exemption for the sales of diapers, over-the-counter drugs, grooming products, and hygiene products, effective January 1, 2029 |
| 2026 | Repeals the sales tax exemption for the purchase of coal used to generate electricity. |
| 2025 | Created an additional sales tax for recreational vessels equal to 0.5 %. |
| 2025 | Increased the motor vehicle sales tax to 0.5%. |

| Year | Event Description |
|---|---|
| 2025 | Specified services are newly subject to retail sales tax, including:<br>• Information technology and custom website development services<br>• Custom software and customization services<br>• Investigation, security, and armored car services<br>• Temporary staffing services<br>• Advertising<br>• Live presentations and other select digital automated services |
| 2025 | Created an exemption from sales tax on purchases of zero-emission buses by a transit authority or a federally recognized Indian tribe to provide public transportation services. |
| 2025 | Created the process medical supply vendors may use when collecting and remitting state retail sales tax on qualifying sales and added a definition for "health insurance providers." |
| 2025 | Repealed the sales tax exemptions for precious metals and bullion.<br>*For a comprehensive sales tax history, see the Department of Revenue webpage History of Major Washington Taxes.* |

## Solid Fuel Burning Device Fee

**Applicable RCW(s):** 70A.15.3620

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The retail selling price of wood stoves and solid fuel burning devices.

### Tax Rate

$30 per stove or device

The Economic and Revenue Forecast Council may increase the fee annually for inflation.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $184 | -19.9% | 0.0% |
| **2024** | $230 | 0.3% | 0.0% |
| **2023** | $229 | -16.6% | 0.0% |
| **2022** | $275 | 4.0% | 0.0% |
| **2021** | $264 | 19.8% | 0.0% |
| **2020** | $220 | 9.4% | 0.0% |
| **2019** | $201 | 0.0% | 0.0% |
| **2018** | $201 | -8.5% | 0.0% |
| **2017** | $220 | 0.5% | 0.0% |
| **2016** | $219 | 6.9% | 0.0% |

### Distribution of Receipts

The Wood Stove Education and Enforcement Account receives the solid fuel burning device fee.

The Department of Ecology uses the funds to educate consumers about wood stove smoke air pollution and to enforce burn restrictions during periods of reduced air quality.

### History of the Solid Fuel Burning Device Fee

| Year | Event Description |
|---|---|
| 1991 | Increased the fee to $30 and removed the exemption for masonry fireplaces. |
| 1990 | Increased the fee to $15. |
| 1988 | Created the solid fuel burning device fee at $5 per stove. |

## Solid Waste Collection Tax

**Applicable RCW(s):** Chapter 82.18

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Charges to the consumer for solid waste collection services by a solid waste collector who collects, transfers, stores, or disposes of solid waste. The charge does not apply to hazardous or toxic waste or materials collected primarily for recycling or salvage.

### Tax Rate

3.6%

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $75,354 | 10.0% | 0.2% |
| **2024** | $68,530 | 5.8% | 0.2% |
| **2023** | $64,797 | 7.4% | 0.2% |
| **2022** | $60,314 | 6.3% | 0.2% |
| **2021** | $56,757 | 4.6% | 0.2% |
| **2020** | $54,253 | 8.5% | 0.2% |
| **2019** | $50,007 | 3.1% | 0.2% |
| **2018** | $48,506 | 7.2% | 0.2% |
| **2017** | $45,239 | 5.4% | 0.2% |
| **2016** | $42,912 | 7.2% | 0.2% |

### Distribution of Receipts

The Public Works Assistance Account receives the solid waste collection tax.

### History of the Solid Waste Collection Tax

| Year | Event Description |
|---|---|
| 2017 | Extended the Education Legacy Trust Account, receiving 100% of the tax until June 30, 2023. |
| 2013 | Rerouted tax receipts from the Public Works Assistance Account to the Education Legacy Trust Account. From July 1, 2018, to June 30, 2019, the Education Legacy Trust Account received 100% of the tax. |

| Year | Event Description |
|---|---|
| 2012 | Changed the accounts receiving the tax. From July 1, 2011, through June 30, 2015, the General Fund received the tax. From July 1, 2015, through June 30, 2018, the General Fund received 50% of the tax, and the Public Works Assistance Account received the remainder. |
| 1995 | The 1% companion solid waste collection tax ended on June 30, 1995. |
| 1989 | Changed the name from "refuse" to "solid waste" collection tax. A 1% companion tax was added for customers of solid waste collection businesses. |
| 1986 | Created a refuse collection tax paid by consumers using refuse collection services. Previously, the public utility tax applied to refuse collection |

## Spirits Liter Tax

**Applicable RCW(s):** 82.08.150

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

Spirits sold in the original packaging, measured per liter.

The term "spirits" means any beverage containing alcohol obtained by distillation, and:

- Includes wines with more than 24% alcohol by volume
- Excludes flavored malt beverages

### Tax Rate

$3.7708 per liter for consumers

$2.4408 per liter for on-premises retailers (restaurants, bars, etc.)

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $183,095 | 1.4% | 0.5% |
| **2024** | $180,628 | -4.7% | 0.5% |
| **2023** | $189,576 | 0.6% | 0.5% |
| **2022** | $188,462 | 0.8% | 0.6% |
| **2021** | $186,954 | 7.1% | 0.6% |
| **2020** | $174,505 | 6.6% | 0.7% |
| **2019** | $163,657 | 4.0% | 0.6% |
| **2018** | $157,388 | 3.7% | 0.7% |
| **2017** | $151,822 | 2.9% | 0.7% |
| **2016** | $147,541 | 3.8% | 0.7% |

### Distribution of Receipts

The General Fund receives the spirits liter tax.

## History of the Spirits Liter Tax

| Year | Event Description |
|---|---|
| 2021 | Exempted sales of "mini bottles" from the spirits liter tax. The exemption expired July 1, 2023. |
| 2011 | Voters passed Initiative 1183, which privatized liquor sales. Before this initiative passed, only the Liquor Control Board supplied spirits and sold them at a bottle price that included the spirits taxes. The initiative made the Department of Revenue responsible for collecting the spirits liter tax. |
| 2009 | Directed receipts from the 7-cent per liter tax, the 41-cent per liter tax, and the $1.33 per liter tax to the General Fund. |
| 2005 | Added tax of $1.33 per liter to the total consumer tax rate and directed the funds to the General Fund, Health Services Account, and Violence Reduction and Drug Enforcement Account. |
| 1994 | The temporary 7 cents-per-liter tax became permanent. |
| 1993 | Added tax of 20 cents per liter and deposited the receipts in the Health Services Account to fund public healthcare services. The additional tax increased to 30 cents on July 1, 1995, and to 41 cents on July 1, 1997. |
| 1989 | Added a temporary 7-cent per liter tax and deposited the receipts in the Violence Reduction and Drug Enforcement Account to fund drug education and enforcement programs. |
| 1982 | Increased the tax rate to $1.9608 per liter with the addition of a 14% surtax. |
| 1981 | Changed the basis of the tax from ounces to liters and set the tax rate to $1.72 per liter. |
| 1971 | Increased the tax rate to 4 cents per ounce. |
| 1965 | Increased the tax rate to 2 cents per ounce. |
| 1961 | Created the liquor liter tax at 1.1 cents per ounce. |

## Spirits Sales Tax

**Applicable RCW(s):** 82.08.150

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The selling price of spirits in the original packaging.

The term "spirits" means any beverage containing alcohol obtained by distillation, and:

- Includes wines with more than 24% alcohol by volume
- Excludes flavored malt beverages

### Tax Rate

20.5% for consumers

13.7% for on-premises retailers (restaurants, bars, etc.)

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $214,046 | 1.2% | 0.6% |
| **2024** | $211,497 | -4.1% | 0.6% |
| **2023** | $220,564 | 2.5% | 0.6% |
| **2022** | $215,147 | 3.0% | 0.6% |
| **2021** | $208,891 | 13.4% | 0.7% |
| **2020** | $184,259 | 10.2% | 0.7% |
| **2019** | $167,222 | 7.0% | 0.6% |
| **2018** | $156,304 | 5.2% | 0.7% |
| **2017** | $148,589 | 5.0% | 0.7% |
| **2016** | $141,573 | 6.7% | 0.7% |

### Distribution of Receipts

The spirits sales tax is distributed as follows:

- The General Fund receives 74% of the taxes.
- The Liquor Excise Tax Fund receives 26% of the taxes.

## History of the Spirits Sales Tax

| Year | Event Description |
|---|---|
| 2021 | Exempted sales of "mini bottles" from the spirits liter tax. The exemption expired July 1, 2023. |
| 2011 | Voters passed Initiative 1183, which privatized liquor sales. Before this initiative passed, only the Liquor Control Board supplied spirits and sold them at a bottle price that included the spirits taxes. The initiative made the Department of Revenue responsible for collecting the spirits sales tax. |
| 2009 | Redirected receipts from the additional taxes from the Health Services Account to the General Fund. |
| 2003 | Strong beer (more than 8% alcohol by weight) shifted from the liquor sales tax to the beer excise tax. |
| 1993 | Added additional tax rates and deposited the taxes in the Health Services Account to fund public healthcare services. The initial rates were 1.7% for consumers and 1.1% for class H licensees. Scheduled the additional taxes to increase to 2.6% and 1.7% on July 1, 1995, and to 3.4% and 2.3% on July 1, 1997. |
| 1982 | Added a 14% surtax to the basic rate. The definition of strong beer increased from 4% to 8% alcohol by weight. |
| 1959 | Increased the tax rate on sales to consumers to 15%. |
| 1951 | Created the liquor sales tax at a rate of 10% and exempted liquor from the retail sales tax. |
| 1949 | Repealed the liquor sales tax. |
| 1943 | Added a "war liquor tax" of 10%. |
| 1939 | Extended the sales tax to sales by the Liquor Control Board. |
| 1935 | Created the liquor sales tax. |

## Studded Tire Fee

**Applicable RCW(s):** 46.37.427

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The retail selling price of new studded vehicle tires, excluding bicycle tires and retreaded vehicle tires.

### Tax Rate

$5.00 per studded tire

The seller may retain 10% of the fee receipts to cover collection costs.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $226 | -11.7% | 0.0% |
| **2024** | $256 | -17.1% | 0.0% |
| **2023** | $309 | -11.2% | 0.0% |
| **2022** | $348 | 36.7% | 0.0% |
| **2021** | $255 | -16.9% | 0.0% |
| **2020** | $307 | -13.5% | 0.0% |
| **2019** | $355 | -13.1% | 0.0% |
| **2018** | $408 | -16.8% | 0.0% |
| **2017** | $491 | - | 0.0% |
| **2016** | $0 | 0.0% | 0.0% |

### Distribution of Receipts

The Motor Vehicle Fund receives the studded tire fee.

### History of the Studded Tire Fee

| Year | Event Description |
|---|---|
| 2015 | Created the studded tire fee, effective July 1, 2016. |

## Syrup Tax

**Applicable RCW(s):** Chapter 82.64

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The wholesale or retail value of syrup used to make carbonated beverages.

Syrup is a concentrated liquid that, when added to carbonated water, produces a carbonated beverage.

### Tax Rate

$1.00 per gallon

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $6,987 | 3.8% | 0.02% |
| **2024** | $6,729 | 1.4% | 0.02% |
| **2023** | $6,639 | 6.4% | 0.02% |
| **2022** | $6,237 | -43.8% | 0.02% |
| **2021** | $11,090 | 65.6% | 0.04% |
| **2020** | $6,697 | -11.6% | 0.02% |
| **2019** | $7,579 | -49.2% | 0.03% |
| **2018** | $14,915 | 109.4% | 0.06% |
| **2017** | $7,122 | -17.7% | 0.03% |
| **2016** | $8,650 | 26.3% | 0.04% |

### Distribution of Receipts

The General Fund receives the syrup tax.

## History of the Syrup Tax

| Year | Event Description |
|---|---|
| 2009 | Redirected syrup tax receipts to the General Fund from the Violence Reduction and Drug Enforcement Account. |
| 1994 | Voters approved Referendum 43, which extended the syrup tax by eliminating its expiration date. This measure also repealed the carbonated beverage tax on canned and bottled drinks and increased the syrup tax from $0.75 to $1.00 per gallon. |
| 1991 | Modified the tax from a first possession tax to one that applied at both the wholesale and retail levels, while exempting subsequent sales of previously taxed products. |
| 1989 | The first carbonated beverage and syrup tax took effect on July 1, 1989. The original tax applied to canned and bottled carbonated beverages at a rate of 0.084 cents per ounce, plus a $0.75 tax per gallon of syrup used to produce them. The tax expired after six years. |

## Telephone Taxes

**Applicable RCW(s):** 82.14B.030 and 82.86.020

**Levied By:** State and counties

**Administered By:** Department of Revenue

### Tax Base

Subscribers of telephone services, including switched access lines (wireline), radio access lines (wireless), Voice Over Internet Protocol (VoIP) service, and consumers of prepaid wireless services.

### Tax Rate

#### *911 Excise Tax*

State rate: 25 cents per month per radio access line, VoIP line, switched access line, or per retail transaction of prepaid wireless services.

County rate: 70 cents per month per radio access line, VoIP line, switched access line, or per retail transaction of prepaid wireless services.

#### *Statewide 988 Tax*

State rate: 40 cents per month per radio access line, VoIP line, switched access line, or per retail transaction for prepaid wireless services.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $76,430 | 0.3% | 0.2% |
| **2024** | $76,207 | 17.1% | 0.2% |
| **2023** | $65,069 | 39.1% | 0.2% |
| **2022** | $46,769 | 66.0% | 0.1% |
| **2021** | $28,176 | 3.3% | 0.1% |
| **2020** | $27,273 | 2.8% | 0.1% |
| **2019** | $26,525 | 1.0% | 0.1% |
| **2018** | $26,256 | 1.5% | 0.1% |
| **2017** | $25,860 | 2.4% | 0.1% |
| **2016** | $25,249 | 0.4% | 0.1% |

### Distribution of Receipts

The State 911 Account receives the state 911 excise tax.

The County 911 Excise Tax Account receives the county 911 excise tax.

Proceeds from the state and county 911 excise taxes finance the 911 emergency communications system.

The Statewide 988 Behavioral Health Crisis Response and Suicide Prevention Line Account receives the statewide 988 tax and uses the funds to finance state crisis hotline call center(s), crisis call center(s), and personnel providing crisis services

## History of the Telephone Taxes

| Year | Event Description |
|---|---|
| 2022 | Authorized the state 911 Account to receive the 911 excise tax receipts and use these funds to manage the statewide 911 network and assist the Washington state Patrol and counties in providing a baseline level of service for 911 operations. |
| 2021 | Created a statewide 988 behavioral health crisis response and suicide prevention line tax. Beginning October 1, 2021, through December 31, 2022, the tax rate was 24 cents per access line. Beginning January 1, 2023, the tax rate increased to 40 cents. |
| 2014 | Beginning January 1, 2014, prepaid wireless E911 tax collection was shifted from individual telecommunication providers to retailers selling prepaid wireless services. Also allowed these retailers to charge an additional 5 cents per transaction as compensation for collecting E911 taxes through June 30, 2018. |
| 2013 | Eliminated the telephone assistance tax (WTAP) and telephone relay service tax (TRS) and replaced them with biennial general fund appropriations. |
| 2011 | Made the Department of Revenue responsible for the administration of both state and county E911 excise taxes. Also included VoIP lines in the tax base for both state and county E911 excise taxes. The maximum state E911 excise tax rate increased to 25 cents, and the maximum county E911 excise tax rate increased to 70 cents. |
| 2004 | Transferred the responsibility for collecting the TRS and WTAP taxes to the Department of Revenue. |
| 2002 | Extended the state tax to wireless telephones and increased the maximum rate of the county tax on wireless lines to 50 cents. Responsibility for collecting the state E911 telephone tax was transferred from the State Military Department to the Department of Revenue. |
| 1994 | Authorized the county tax on wireless lines at a maximum rate of 25 cents per line. |
| 1991 | Voters approved Referendum 42, creating the state enhanced 911 excise tax effective January 1, 1992, with a maximum state rate of 20 cents per switched line, to ensure funding for the implementation of a statewide E911 telephone system. |

| Year | Event Description |
|---|---|
| 1987 | Established the TRS tax to fund telephone services for people with hearing difficulties at a maximum rate of 10 cents per switched line. Also, adopted the WTAP tax to fund telecommunication services for low-income households at a maximum rate of 16 cents per switched line. The Department of Social and Health Services administered both taxes. Also, permitted a county legislative authority to levy a tax on behalf of an emergency service communication district, which could serve an area less than countywide. |
| 1981 | Authorized a countywide tax on switched telephone lines of up to 50 cents per month for emergency services communication systems. |

## Timber Excise (Forest) Tax

**Applicable RCW(s):** Chapter 84.33

**Levied By:** State and counties

**Administered By:** Department of Revenue

### Tax Base

The stumpage value of timber harvested for sale or commercial or industrial use. Stumpage value is determined using the Stumpage Value Tables published by the Department of Revenue, with the following exceptions:

- Small harvesters may elect to report their actual gross receipts from timber sales
- Timber harvested on public land uses the amount paid for the timber as its stumpage value

### Tax Rate

5%, which includes the:

- 1% state rate
- 4% county rate

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $2,474 | -2.7% | 0.01% |
| **2024** | $2,542 | -7.3% | 0.01% |
| **2023** | $2,742 | 15.0% | 0.01% |
| **2022** | $2,384 | 947.8% | 0.01% |
| **2021** | $(281) | 66.5% | 0.00% |
| **2020** | $(840) | -136.5% | 0.00% |
| **2019** | $2,299 | 42.8% | 0.01% |
| **2018** | $1,610 | -9.8% | 0.01% |
| **2017** | $1,786 | -33.1% | 0.01% |
| **2016** | $2,669 | 23.2% | 0.01% |

### Distribution of Receipts

The Timber Tax Distribution Account receives the timber excise tax and distributes it as follows:

- 20% to the General Fund
- 80% to the county where the timber was harvested

## History of the Timber Excise Tax

| Year | Event Description |
|---|---|
| 2026 | Authorized counties to distribute timber excise tax funds to school districts that do not impose enrichment or excess capital project fund levies in a given calendar year, using the highest rate from the prior two years to calculate the distribution. |
| 2025 | Extended the expiration date for the reporting requirement for purchasers of privately owned timber to September 30, 2029. |
| 2024 | Added an exception from the compensating tax imposed on land removed from the forestland designation when sold or transferred to a governmental entity to continue use as forestland or timberland. Compensating tax becomes due upon subsequent sale of the land, unless another exception applies. |
| 2021 | Extended the expiration date for the reporting requirement for purchasers of privately owned timber to September 30, 2025 |
| 2017 | Required the Department of Revenue to estimate the amount of public forest land available for timber harvesting by October 1 each year. |
| 2014 | Reduced the minimum size requirement for designated forest land from 20 to five acres. Added new requirements limiting designated forest land to parcels primarily devoted to growing and harvesting timber. Prohibited parcels from including residences, building improvements, or home sites. |
| 2010 | Shifted review of applications for the timber harvest tax credit for Enhanced Aquatic Resource Requirements to the Pollution Control Hearings Board, replacing the Forest Practices Appeals Board. Added reporting requirements for timber purchases, made privately purchased timber reports confidential, and extended the reporting requirement expiration date to July 1, 2014. |
| 2008 | Authorized special valuation of timber impacted by the 2007 floods in the Presidential Declared Disaster Area counties. Allowed small harvesters cutting less than five million board feet of timber annually in federally designated impact counties to base their excise tax on sales receipts, less expenses, instead of stumpage value tables. |
| 2007 | Authorized the Governor to enter into an agreement with the Quinault Indian Nation related to the imposition of a tribal timber excise tax. Required the tribal timber harvest excise tax rate to equal the state timber tax rate. |
| 2004 | Added a ten-year phase-down of the state tax on timber harvested on public lands and shifted the tax to counties. Equalize state and county tax rates by 2014 without changing the total amount paid by harvesters. Exempted all standing timber from property tax. |
| 1999 | Created a new program to protect salmon habitats and added a tax credit for harvesters impacted by the enhanced aquatic resource requirements, as determined by the Department of Natural Resources. |
| 1984 | Phased down the 6.5% tax. Beginning July 1, 1985, set the rate at 5%, allocating 4% to the county where the timber was harvested and 1% to the state. |

| Year | Event Description |
|---|---|
| 1982 | Extended the tax to timber harvested on state and federally owned lands, allocating receipts from public lands to the General Fund and receipts from private lands to local governments. |
| 1981 | Created forest land values and adjusted them annually based on changes in harvest value over the prior five years. |
| 1971 | Created the timber excise tax, replacing the property tax on timber grown on privately owned lands. The tax was phased in over three years, setting the final 6.5% rate by 1975. |

## Tobacco Products Tax

**Applicable RCW(s):** Chapter 82.26

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The sale, handling, or distribution of tobacco products, which include products containing nicotine, whether derived from tobacco or created synthetically. The tax applies to the first taxable activity occurring in Washington.

Products subject to the tax:

- Cigars
- Pipe tobacco
- Chewing tobacco
- All other forms of tobacco, except for cigarettes
- Vapes containing nicotine
- Oral nicotine pouches
- All other products containing nicotine, except certain federally approved cessation drugs, devices, or combination products

### Tax Rate

Tobacco and nicotine products tax rates:

| Tobacco/Nicotine Product | Tax Rate |
|---|---|
| Moist snuff cans with a net weight of 1.2 ounces or less | $2.526 per can |
| Moist snuff cans with a net weight greater than 1.2 ounces | $2.105 per ounce |
| Cigars (except little cigars) | 95% of the taxable sales price, not to exceed $0.65 per cigar |
| Little cigars (cigars that have a cellulose acetate integrated filter) | $0.15125 per stick ($3.025 per pack of 20) |
| All other products, including products containing nicotine | 95% of the taxable sales price |

## Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $40,330 | -11.4% | 0.1% |
| **2024** | $45,519 | -2.4% | 0.1% |
| **2023** | $46,625 | 1.6% | 0.1% |
| **2022** | $45,900 | -11.2% | 0.1% |
| **2021** | $51,679 | -2.6% | 0.2% |
| **2020** | $53,061 | -13.0% | 0.2% |
| **2019** | $61,011 | 6.8% | 0.2% |
| **2018** | $57,110 | 8.9% | 0.2% |
| **2017** | $52,437 | 1.5% | 0.2% |
| **2016** | $51,641 | 11.0% | 0.3% |

## Distribution of Receipts

The General Fund receives the tobacco products tax.

## History of the Tobacco Products Tax

| Year | Event Description |
|---|---|
| 2025 | Added products containing nicotine, whether derived from tobacco or created synthetically, to the definition of "other tobacco products," whose tax rate is 95% of the taxable selling price. |
| 2019 | If the U.S. Department of Health and Human Services secretary issues a modified risk tobacco product order stating that the products be commercially marketed, the 95% tax rate on other tobacco products is required to be reduced by:<br>• 50% if the product will significantly reduce harm and risk of tobacco-related disease and will benefit the health of the population.<br>• 25% if the product may be sold but not marketed. |
| 2010 | Increased the tax rate to 95% of taxable value except for little cigars and moist snuff. Taxed little cigars at the same rate as cigarettes and taxed moist snuff based on net weight. |
| 2009 | Required the General Fund to receive all the taxes and ended 27 years of other accounts receiving funds. |
| 2005 | Reduced the tax rate to 75% of a redefined taxable value and made regulatory changes to reduce tax evasion. |
| 2002 | Voters passed Initiative 733, increasing the tobacco products tax rate to 129.42% of the wholesale value. Dedicated the additional revenues to health services. |
| 1993 | Added a 10% tax to fund healthcare. |
| 1986 | Added a 16.75% tax to fund water quality. |
| 1982 | Added surtaxes of 4% and 3%. |
| 1971 | Increased the tax rate to 45%. |

| Year | Event Description |
|---|---|
| 1965 | Increased the tax rate to 30%. |
| 1959 | Established the tobacco tax at a rate of 25% of the wholesale value and directed the taxes to the General Fund. |

## Unemployment Compensation Tax

**Applicable RCW(s):** Chapters 50.04, 50.12, 50.24, 50.29, 50.44, and 50.50

**Levied By:** State

**Administered By:** Employment Security Department

### Tax Base

Wages paid to employees up to the taxable wage base. Wages include:

- The amount paid to each employee for working, whether as a fixed salary, hourly pay, or overtime
- Reportable paid earnings for vacation or holidays
- Tips reported by the employee
- Bonuses or prizes
- Non-cash payments, such as meals and lodging
- Sick leave under a non-qualified plan

The taxable wage base is the maximum amount an employer must pay in taxes for each employee. For 2026, each employer pays taxes on the first $78,200 of each employee's wages.

### Tax Rate

2026 rates:

- Employers in the lowest rate class pay 0.27%
- Employers in the highest rate class pay 6.02%
- The average rate is 1.33%

The basic unemployment compensation tax rate combines the:

- Experience-rated tax
- Shared-cost tax
- Employment Administration Fund tax

#### *Experience-Rated Tax*

The experience-rated tax is based on an employer's benefit claim history. There are 40 experience-rate classes. The rates range from 0% to 5.4%. To determine an employer's rate class, divide the unemployment benefits charged by taxable payroll for the past four fiscal years.

*Shared-cost tax*

The social-cost tax recovers shared costs of the insurance system that cannot be attributed to a specific employer. The social cost rate graduates for each rate class. Rate class percentages range from 40% to 120% of the social-cost rate. To determine the social cost rate for an employer, multiply the social cost factor by the variable percentage determined by your rate class. The flat social tax is currently capped at 1.22%.

*Employment Administration Fund*

A fee is assigned at either 0.02% or 0.03% to each employer.

*Additional tax rates and fees*

- Delinquent-tax rates: Employers considered delinquent pay tax at higher rates
- Solvency Surcharge: Applies only when the amount in the Unemployment Insurance Trust Fund has less than nine months of benefits as of September 30

## Ten-Year Summary of Tax Collections[1]

| Fiscal Year | Collections ($000) | YoY % Change |
|---|---|---|
| **2025** | $2,119,170 | 4.8% |
| **2024** | $2,022,292 | 14.4% |
| **2023** | $1,768,263 | -13.8% |
| **2022** | $2,051,095 | 42.5% |
| **2021** | $1,439,722 | 31.1% |
| **2020** | $1,098,144 | 0.5% |
| **2019** | $1,092,759 | -1.2% |
| **2018** | $1,105,718 | -3.2% |
| **2017** | $1,142,333 | -11.3% |
| **2016** | $1,288,107 | -3.5% |

Source: Washington Department Employment Security Department

[1] Unemployment compensation tax is held in trust by the Employment Security Department to pay future benefits; thus, the calculation of the state share of tax collections is not included in this table.

## Distribution of Receipts

The Unemployment Insurance Trust Fund and the Administrative Contingency Fund receive the unemployment compensation tax.

The Unemployment Insurance Trust Fund funds pay unemployment benefits to eligible unemployed individuals.

The Administrative Contingency Fund funds pay the Employment Security Department's administrative costs.

## History of the Unemployment Compensation Tax

| Year | Event Description |
|---|---|
| 2023 | Increased the flat social cost factor from 0.50% to 0.60%. |
| 2022 | Decreased the flat social cost factor from 0.75% to 0.50%. |
| 2021 | Capped the flat social cost factor at varying levels by year and suspended the solvency surcharge for five years. |
| 2011 | Reduced the tax rate for most employers. |
| 2010 | Reduced the higher tax rates for delinquent taxpayers. Established a civil penalty for employers who knowingly fail to register for unemployment insurance. Set the maximum rate to 6% for qualified employers and 6.5% for delinquent employers. |
| 2005 | Major revisions to the tax structure occurred. Created 40 classes to replace the 20 previous classes. The social-cost and experience-rated factors were added to the premium tax rate calculation. |
| 1993 | Added an additional rate schedule. |
| 1984 | Created the six-schedule and 20-classification-rate system. |
| 1942 | Added the benefit experience factor, and the maximum rate became 2.7%. |
| 1937 | Created the unemployment compensation tax as part of the Social Security Act. |

## Use Tax

**Applicable RCW(s):** Chapter 82.12

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The value of tangible personal property, prewritten computer software, services defined as a retail sale, extended warranties, digital goods, digital codes, or digital automated services used by the taxpayer, acquired in any manner when retail sales tax has not been paid. The use tax complements, and in most instances mirrors, the sales tax.

Some examples of when the use tax may be due include:

- A purchase of tangible personal property:
  - When the seller did not collect sales tax
  - As a casual or isolated sale and the seller did not collect sales tax
- When a manufacturer uses a product it produces
- Gifts and prizes

### Tax Rate

6.5%

An additional 0.5% state tax applies to the value of new and used motor vehicles or recreational vessels.

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $ 1,056,767 | 5.9% | 2.9% |
| **2024** | $ 998,306 | -2.5% | 2.9% |
| **2023** | $1,024,292 | 12.5% | 2.9% |
| **2022** | $910,534 | 7.4% | 2.7% |
| **2021** | $847,853 | 16.4% | 2.8% |
| **2020** | $728,483 | -4.8% | 2.7% |
| **2019** | $765,206 | 8.9% | 3.0% |
| **2018** | $702,756 | 2.9% | 2.9% |
| **2017** | $682,737 | 6.0% | 3.1% |
| **2016** | $643,880 | 8.6% | 3.2% |

## Distribution of Receipts

The General Fund receives the use tax, except as follows:

- The Multimodal Transportation Account receives the 0.5% additional taxes on motor vehicle and recreational vessel use.
- The Multimodal Transportation Account receives 0.1% of the value of the article used beginning on July 1, 2027.
- The Advanced Environmental Mitigation Account receives the tax from the use of lead racing fuel.
- The Statewide Tourism Marketing Account receives 0.2% of the tax from lodging, car rentals, and restaurants, not exceeding $3 million per biennium.
- The Office of the Washington State Auditor receives 0.16% of the tax to fund comprehensive performance audits.

## History of the Use Tax

| Year | Event Description |
|---|---|
| | The use tax is a "compensating" tax related to the retail sales tax adopted in 1935. Subsequent rate changes and most other revisions applied to both the retail sales and use taxes. |
| 2026 | Eliminated the use tax exemption for data centers that qualified through the “refurbishment” of a pre-existing facility. |
| 2026 | Created an exemption for the use of diapers, over-the-counter drugs, grooming products, and hygiene products, effective January 1, 2029 |
| 2026 | Advertising services are added to the list of items eligible for the multiple points of use exemption. |
| 2026 | Repealed the use tax exemption for the purchase of coal used to generate electricity. |
| 2025 | Created an additional sales/use tax for recreational vessels of 0.5%. |
| 2025 | Increased the motor vehicle sales/use tax from 0.3% to 0.5%. |
| 2025 | Created an exemption from use tax on purchases of zero-emission buses by a transit authority or a federally recognized Indian tribe to provide public transportation services. |
| 2025 | Repealed the use tax exemptions for precious metals and bullion. |

*For a comprehensive use tax history, see the Department of Revenue webpage History of Major Washington Taxes.*

## Vapor Products Tax

**Applicable RCW(s):** Chapter 82.25

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The sale, use, consumption, handling, possession, or distribution of vapor products, measured by the volume of the solution as listed by the manufacturer.

Vapor products include:

- Electronic cigarettes, cigars, cigarillos, pipes, or similar products or devices
- Cartridges or containers of liquid, solution, or other consumable substances

### Tax Rate

$0.09 per mL on accessible containers of solution greater than 5 mL

$0.27 per mL on all other vapor products

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $20,477 | -8.1% | 0.06% |
| **2024** | $22,278 | -1.6% | 0.06% |
| **2023** | $22,629 | 7.9% | 0.06% |
| **2022** | $20,970 | 40.2% | 0.06% |
| **2021** | $14,958 | 165.4% | 0.05% |
| **2020** | $5,635 | - | 0.02% |

### Distribution of Receipts

The following accounts receive the vapor products tax:

- The Andy Hill Cancer Research Endowment Fund Match Transfer Account receives 50% up to $10 million.
- The Foundational Public Health Services Account receives the remainder.

### History of the Vapor Products Tax

| Year | Event Description |
|---|---|
| 2025 | Expanded the definition of tobacco products to include all products that contain nicotine. |
| 2019 | Created the vapor products tax, effective October 1, 2019. |

## Watercraft Excise Tax

**Applicable RCW(s):** Chapter 82.49

**Levied By:** State

**Administered By:** Department of Licensing

### Tax Base

The purchase price or fair market value of noncommercial boats 16 feet or longer used on Washington waters.

The Department of Revenue prepares a depreciation schedule to determine fair market value. The department may appraise boats that have not been purchased or whose purchase price does not represent fair market value.

### Tax Rate

0.5%, with a minimum of $5.00

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $17,204 | 9.2% | 0.05% |
| **2024** | $15,758 | 1.6% | 0.05% |
| **2023** | $15,505 | -15.9% | 0.04% |
| **2022** | $18,440 | -9.7% | 0.06% |
| **2021** | $20,422 | 19.9% | 0.07% |
| **2020** | $17,038 | 10.8% | 0.06% |
| **2019** | $15,374 | -2.5% | 0.06% |
| **2018** | $15,769 | 8.3% | 0.07% |
| **2017** | $14,559 | 5.4% | 0.07% |
| **2016** | $13,809 | 1.2% | 0.07% |

Source: Washington State Department of Licensing

### Distribution of Receipts

Receipts from the watercraft excise tax are deposited as follows:

- 75% to the State General Fund
- 25% to the Derelict Vessel Removal Account

## History of the Watercraft Excise Tax

| Year | Event Description |
|---|---|
| 2022 | Redirected 25% of the tax receipts to the Derelict Vessel Removal Account to provide funding for removing abandoned or derelict vessels from waterways. |
| 2021 | Codified an administrative rule providing guidance, an overview of the tax, and a depreciation schedule. The rule became effective January 1, 2022. |
| 2014 | Instituted new penalties for unregistered vessels. |
| 1983 | Created the watercraft excise tax. Before this, watercraft owners paid personal property tax. |

## Wine Tax

**Applicable RCW(s):** 66.24.210

**Levied By:** State

**Administered By:** Liquor and Cannabis Board

### Tax Base

Each liter of wine sold by a winery or distributor.

### Tax Rate

For table wines, $0.2292 per liter, which consists of:

- A $0.2025 base tax
- $0.0267 in additional taxes

For fortified wines, $0.4536 per liter, which consists of:

- A $0.2025 base tax
- $0.2511 in additional taxes

For cider, $0.0814 per liter, which consists of:

- A $0.0359 base tax
- $0.0455 in additional taxes

### Ten-Year Summary of Tax Collections

| Fiscal Year | Collections ($000) | YoY % Change | % of All State Taxes |
|---|---|---|---|
| **2025** | $24,449 | -0.3% | 0.1% |
| **2024** | $24,530 | -1.2% | 0.1% |
| **2023** | $24,817 | -7.3% | 0.1% |
| **2022** | $26,758 | -2.0% | 0.1% |
| **2021** | $27,311 | 3.2% | 0.1% |
| **2020** | $26,461 | 0.1% | 0.1% |
| **2019** | $25,443 | 4.7% | 0.1% |
| **2018** | $25,244 | -1.0% | 0.1% |
| **2017** | $25,488 | 2.1% | 0.1% |
| **2016** | $24,966 | 3.9% | 0.1% |

### Distribution of Receipts

The Liquor Revolving Fund receives $0.0334 per liter of the cider base tax and $0.2000 per liter of the wine base tax.

Washington State University receives $0.0025 per liter of the cider and wine base tax for wine and wine grape research.

Of the additional taxes:

- The Washington Wine Commission receives $0.0025 per liter of the additional wine tax and $0.0005 per liter of the additional cider tax.
- The General Fund receives the remainder.

## History of the Wine Tax

| Year | Event Description |
|---|---|
| 2016 | Changed the definition of cider to "table wine that contains between 0.5% and 8.5% alcohol by volume." |
| 2009 | Redirected the portion of the wine tax earmarked for the Violence Reduction and Drug Enforcement Account and the Health Services Account to the General Fund. |
| 2006 | Allowed shipments of wine from wineries directly to retailers or consumers. |
| 1996 | Created separate tax rates for ciders. |
| 1994 | Made the additional rates established in 1989 permanent. |
| 1993 | Made the additional $0.25 tax permanent. |
| 1989 | Added additional liter taxes of $0.01 for wine and $0.2344 for fortified wine and scheduled them to expire in 1995. |
| 1987 | Added an additional liter tax of $0.25. |
| 1982 | Added a surtax of 7% to the basic rate, with the General Fund receiving the surtax. |
| 1981 | Changed the tax to a metric basis and created a basic rate of $0.2025 per liter. |
| 1973 | Ended the 26% tax and increased the gallon tax to $0.75. |
| 1969 | Allowed direct imports of wine from other states. Removed wine from the 10% and 15% liquor sales taxes, instead subjecting it to a 26% excise tax. |
| 1935 | Created the wine tax with a rate of $0.10 per gallon and subjected it to a 10% liquor sales tax. |

## Zero-Emission Vehicle Credit Tax

**Applicable RCW(s):** 82.17.030

**Levied By:** State

**Administered By:** Department of Revenue

### Tax Base

The credit sales price or the average banked credit price of Zero-Emission Vehicle (ZEV) credits banked or sold by a manufacturer who sells or banks 25,000 or more ZEV credits.

### Tax Rate

2% of the credit sales price when credits are sold.

10% of the average banked value when credits are banked.

### Ten-Year Summary of Tax Collections

*Tax collections for the zero-emission vehicle credit tax will be available in fiscal year 2027.*

### Distribution of Receipts

The following accounts receive the zero-emission vehicle credit tax:

- The Electric Vehicle Incentive Account receives 30% of receipts.
- The General Fund receives 70% of receipts until June 30, 2027. Beginning July 1, 2027, the Climate Commitment Act Transportation Account receives 70% of receipts.

### History of the Zero-Emission Vehicle Credit Tax

| Year | Event Description |
|---|---|
| 2026 | Changes deposits from the Carbon Emissions Reduction Account to the Climate Commitment Act Transportation Account |
| 2025 | Created the Zero Emissions Vehicle credit excise tax, setting the rate at 10% of the average banked credit value and 2% of the sale value for sold credits for manufacturers banking or selling at least 25,000 credits. |