

2022 TAX REFERENCE MANUAL

Information on Select State and Local Taxes
in Washington State

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2022 Tax Reference Manual

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Introduction

The tax reference manual provides background information on over 40 taxes and fees used by state and local governments in Washington. The Research and Fiscal Analysis Division of the Department of Revenue prepared this document. It updates the previous version published in January 2019.

This document describes the general features and historical background for the Washington tax system. It is not a “how-to” guide for taxpayers on reporting any taxes or fees. It does not contain legal interpretations of state tax laws. It is not instructions for how to calculate or submit taxes.

Caution: Tax laws and tax rates change. Do not use the information in this document to report any taxes or fees. Please visit the Department of Revenue’s website to find this information at: <https://dor.wa.gov>.

WHAT IS NEW IN THIS EDITION?

The 2022 publication reflects tax changes that occurred in the last four years, and:

- Includes new chapters for:
 - New taxes since the previous publication.
 - Existing taxes not previously included.
- Reports total state collections from all Washington taxes or fees. Previous editions reported total collections only from Department of Revenue administered taxes and fees.
- Reduces redundancies and the use of legalese.

CHAPTER OUTLINE

Each chapter includes the following eight sections:

RCW

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

Tax base

This section explains what is taxable, or the measure of the tax. This section also includes a link to the [Tax Exemption Study](#) where relevant. The term tax exemption includes a variety of preferences that reduce taxes for taxpayers. Tax exemptions include:

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

Tax rate

The tax rate is the percentage or dollar amount used to determine the tax owed. Tax due equals the tax rate multiplied by the tax base. A surtax applies to some taxes. A surtax or a surcharge is an additional percentage or dollar amount of tax owed usually for a specific purpose.

Recent collections (\$000)

Collections represent the revenue collected minus any credits and refunds. This document shows collections by state fiscal year (July 1 through June 30) for a ten-year period. Values are in thousands of dollars (\$000). To convert to dollars, multiply the collections by 1,000. For taxes administered by DOR, collections come from the [Tax Statistics](#) publication. For taxes administered by other state agencies, the agency provided the collections. Local tax information may be available from the listed local sources. The percent change represents a simple year-over-year computation.

This section also includes the percent of all state taxes to show the relative magnitude of the tax. Taxes included in this publication may or may not be in the total of “All State Taxes” shown below. For reference, we computed the percentages based on the following totals.

Fiscal Year	All State Taxes (\$000)
2021	\$29,969,619
2020	\$26,834,601
2019	\$25,743,777
2018	\$23,885,196
2017	\$22,043,170
2016	\$20,369,676
2015	\$18,723,684
2014	\$17,783,750
2013	\$17,027,697
2012	\$16,158,504

Distribution of receipts

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

Levied by

This section indicates which governmental jurisdictions may impose the tax.

Administration

This section indicates the state or local agency administering the collection of the tax and a brief description of who pays the tax.

History

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.

OTHER WASHINGTON TAX INFORMATION

The DOR [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

In preparing this report, the Research and Fiscal Analysis Division would like to acknowledge the assistance and information provided by staff in the following state agencies:

- 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 Department of Revenue staff who assisted.

Aircraft Excise Tax

RCW Chapter 82.48

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

Washington tax law exempts several classes of aircraft from this tax. These include commercial aircraft primarily used for interstate commerce and aircraft registered in other states. For more information, see 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.

Type of aircraft fee schedule:

Type of Aircraft	Registration Fee
Single Engine	\$65
Small multi-engine	\$80
Large multi-engine	\$95
Turboprop multi-engine	\$115
Turbo jet	\$140
Helicopter	\$90
Sail plane	\$35
Lighter than air	\$35
Home built	\$35

Weight-based fee schedule:

Gross Maximum Take-Off Weight	Registration Fee
Less than 4,001 lbs.	\$500
4,001 - 6,000 lbs.	\$1,000
6,001 – 8,000 lbs.	\$2,000
8,001 – 9,000 lbs.	\$3,000
9,001 – 12,000 lbs.	\$4,000

Aircraft Excise Tax

Recent collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$378	10.9%	0.001%
2020	\$341	-6.3%	0.001%
2019	\$364	-0.8%	0.002%
2018	\$367	3.1%	0.002%
2017	\$356	1.6%	0.002%
2016	\$351	2.1%	0.002%
2015	\$343	-1.7%	0.002%
2014	\$349	12.2%	0.002%
2013	\$311	3.3%	0.002%
2012	\$301	3.0%	0.002%

Source: Washington State Department of Transportation

Distribution of receipts

The state dedicates revenues from the aircraft excise tax to maintaining and improving airports in Washington.

The Aeronautics Account receives all aircraft excise tax revenues.

Levied by

State

Administration

Department of Transportation

The Department of Transportation collects the tax when the owner registers the aircraft. In following years, the owner owes the tax each January.

The Department of Revenue collects unpaid aircraft excise tax.

History

2021 The non-weighted fee schedule rates increased.

2015 The Aeronautics Account became the destination for 100% of aircraft tax. Previously, 90% of revenues went into the state general fund.

2013 Registration fees based upon aircraft weight were added for commuter air carriers.

1983 A tiered schedule of non-weighted fees replaced the 1967 airplane fee system.

Aircraft Excise Tax

- 1967 The tax changed 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 Washington first enacted an aircraft excise tax at a rate of 1% of fair market value. Aircraft owners previously paid personal property tax.
-

Aircraft Fuel Tax

RCW Chapter 82.42

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 exemptions may reduce the taxes of distributors.
For more information, refer to the [Tax Exemption Study](#).

This tax operates in addition to business and occupation, retail sales and use taxes.

Tax Rate 18 cents per gallon

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$2,444	3.6%	0.01%
2020	\$2,358	-10.3%	0.01%
2019	\$2,629	-4.0%	0.01%
2018	\$2,739	13.2%	0.01%
2017	\$2,419	94.6%	0.01%
2016	\$1,243	-51.2%	0.01%
2015	\$2,548	3.6%	0.01%
2014	\$2,460	-2.1%	0.01%
2013	\$2,513	-15.7%	0.01%
2012	\$2,983	21.2%	0.02%

Source: Washington State Department of Licensing

Distribution of Receipts The Aeronautics Account receives all receipts from this tax.

Levied by State

Administration Department of Licensing

Distributors of aircraft fuel report and pay the tax monthly.

Aircraft Fuel Tax

History	2022	The tax rate increased to 18 cents per gallon effective July 1, 2022.
	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	Established a variable tax rate calculation.
	1967	Established the aircraft fuel tax at 2 cents per gallon.

Beer Tax

RCW 66.24.290

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

Tax exemptions may reduce the taxes of brewers and distributors. For more information, refer to the [Tax Exemption Study](#).

This tax is in addition to business and occupation, retail sales and use taxes.

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.

Distributors of beer pay the rates applicable to each brewer of the beer sold. the Liquor and Cannabis Board publishes the [“Brewer’s Tax Rate Per Barrel Table”](#) on their website.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$31,120	3.5%	0.1%
2020	\$30,058	-3.2%	0.1%
2019	\$31,048	0.0%	0.1%
2018	\$31,037	5.6%	0.1%
2017	\$29,390	-6.4%	0.2%
2016	\$31,385	2.1%	0.2%
2015	\$30,736	2.8%	0.2%
2014	\$29,898	-61.3%	0.2%
2013	\$77,324	-2.9%	0.5%
2012	\$79,642	-1.2%	0.6%

Source: Washington State Liquor & Cannabis Board

Beer Tax

- Distribution of Receipts**
- The state distributes the receipts from the beer tax 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 \$2.00 additional tax is deposited to the State General Fund.
 - The \$1.482 additional tax is deposited to the State General Fund.
 - Of the \$4.78 additional tax for annual sales exceeding 60,000 barrels:
 - The general fund receives 97%.
 - Border cities and counties receive 3%.
-

Levied by State

Administration Liquor and Cannabis Board

Brewers and distributors report and pay the tax monthly.

- History**
- 2013 The additional per barrel and per gallon taxes imposed in 2010 expired.
 - 2010 The tax rate increased 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.

Beer Tax

- 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 and increased the basic rate to \$2.60.
 - 1965 Increased the tax rate to \$1.50 per barrel for canned and bottled beer.
 - 1934 Initially enacted the beer tax at \$1.00 per barrel.
-

Brokered Natural Gas Use Tax

RCW 82.12.022

Tax Base This use tax applies to natural gas delivered through a pipeline from out-of-state when a seller has not paid the public utility tax. This tax ensures all natural gas consumed in Washington is taxed at a uniform rate. Natural and manufactured gas includes compressed or liquefied natural gas.

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 exemptions may reduce these taxes. For more information, refer to the [Tax Exemption Study](#).

Tax Rate 3.852%.

The same rate as the gas distribution rate under public utility tax.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$23,144	0.0%	0.1%
2020	\$23,166	-23.3%	0.1%
2019	\$30,123	56.4%	0.1%
2018	\$19,258	-9.8%	0.1%
2017	\$21,347	-0.1%	0.1%
2016	\$21,370	-23.9%	0.1%
2015	\$28,076	-18.4%	0.1%
2014	\$34,412	56.5%	0.2%
2013	\$21,992	-7.6%	0.1%
2012	\$23,800	-18.0%	0.1%

Distribution of Receipts The general fund receives all receipts from the brokered natural gas use tax.

Brokered Natural Gas Use Tax

Levied by State and city

For information about the local portion of this tax, see the [Local Tax Reference Guide](#).

Administration Department of Revenue

The Department of Revenue collects and reports both state and local taxes.

History

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.

1989 Adopted state and municipal taxes on brokered natural or manufactured gas effective July 1, 1990.

Business & Occupation Tax

RCW Chapter 82.04

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

Tax exemptions may reduce the taxes of businesses. For more information, refer to the [Tax Exemption Study](#).

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.

This table lists the common B&O classifications and tax rates. For a full list refer to the Department’s [B&O tax classifications webpage](#).

Tax classification	Tax Rate
Retailing	0.471%
Manufacturing, Wholesaling, and Warehousing	0.484%
Government Contracting and Public Road Construction	0.484%
Extracting, Extracting for Hire, Insurance Agents, and Child Care	0.484%
Royalties	1.50%
Service and Other Activities (Less than \$1 million)	1.50%
Service and Other Activities (\$1 million or more) ¹	1.75%
Gambling Contests of Chance (less than \$50,000 a year)	1.50%
Gambling Contests of Chance (\$50,000 a year or greater) ²	1.63%
Sale of Standing Timber, Extracting Timber, Extracting Timber for Hire, Processing for Hire Timber Products, and Manufacturing or Wholesaling of Timber or Wood Products ³	0.3424%

¹ See the [workforce education webpage](#) for more detailed information on this tax classification.
² This B&O tax rate includes an additional tax of 0.13% (RCW 82.04.285)
³ This B&O tax rate includes a surcharge 0.052%. (RCW 82.04.261)

Business & Occupation Tax

A B&O tax surcharge applies to certain activities in addition to the B&O tax rate.

Surcharge	Tax Rate
Select Advanced Computing Surcharge ¹	1.22%
Specified Financial Institutions	1.20%

¹ See the [select advanced computing businesses webpage](#) for more information.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$3,396,730	4.5%	18.1%
2014	\$3,250,359	-1.8%	18.3%
2013	\$3,311,594	5.8%	19.4%
2012	\$3,130,753	3.9%	19.4%

Distribution of Receipts

The general fund receives B&O with the following exceptions:

- The workforce education and investment account receives the advanced computing surcharge and 14.3% of the B&O tax from the service and other activities (\$1 million or more) classification.
- 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 manufacturers, extractors, and wholesalers surcharge. Any receipts above \$8 million per biennium fund tribal participation grants.

Levied by

State

Many cities impose local B&O taxes in addition to the B&O taxes imposed by the state. The Department of Revenue does not administer or collect local B&O taxes.

For information about local B&O taxes refer to the [Association of Washington Cities](#) (AWC) website.

Business & Occupation Tax

Administration Department of Revenue

Generally, businesses report B&O taxes and surcharges monthly, quarterly, or annually on the combined excise tax return. Quarterly, affected taxpayers separately report the select advanced computing surcharge. Washington requires most businesses to file tax returns electronically.

A business files a return if they meet any of the following conditions:

- The business has annual B&O gross receipts greater than or equal to \$125,000¹.
- The business is required to collect retail sales tax.
- The business has annual gross receipts from public utility activities greater than or equal to \$24,000.
- The business owes any other tax or fee collected by the department.

¹This threshold began January 1, 2023. For previous years the threshold was \$28,000 per year, or \$46,667 if more than 50% of receipts are taxable under the Service & Other, Contests of Chance, and Real Estate Brokers B&O tax classifications.

History

2022 Effective January 1, 2023, the B&O threshold for filing returns increased to \$125,000 per year for businesses not reporting other taxes to the department.

2022 Effective January 1, 2023, the small business B&O tax credit increased.

2022 Provided an exemption from the workforce education investment surcharge on select advanced computing businesses for certain provider clinics and qualifying affiliates.

2022 Created an exemption for custom farming services to farmers.

2022 Updated and expanded the Motion Picture Competitiveness Program.

2021 Created a deduction for health or social welfare and behavioral health administrative services organizations.

2021 Created an exemption for the generation, purchase, sale, transfer, or retirement of transportation fuel carbon credits.

2020 Workforce Education – Service and Other Activities Rate Changes

- Eliminated the workforce education investment surcharge on specified persons back to January 1, 2020.

Business & Occupation Tax

- Created a new B&O tax rate for businesses (and affiliated groups) with \$1 million or more of taxable income for the service and other activities classification.
 - Created an advanced computing surcharge equal to 1.22% on select advanced computing businesses, beginning April 1, 2020.
- 2020 Increased the tax rate for certain aerospace tax classifications and made preferential rates available with certain requirements.
- 2019 Effective January 1, 2020, lowered the nexus thresholds to \$100,000 in gross receipts.
- 2019 Limited the exemption for imported goods to the wholesale sale of unroasted coffee beans or wholesale sales between a parent company and its wholly owned subsidiary.
- 2019 Effective January 1, 2020, established a three-tiered Workforce Education Investment surcharge.
- 2019 B&O tax applied to the production and sale of renewable natural gas instead of the public utility tax by expanding the definition of “to manufacture” for B&O tax to include the production and processing of renewable natural gas.
- 2019 Limited the requirements to qualify for the International Investment Management Services classification to any business that forms part of an affiliated group meeting certain criteria and having more than 25% of its employees in Washington.
- 2019 Effective January 1, 2020, added a surcharge on specified financial institutions.
- 2019 Increased the tax rate for travel agents and tour operators with more than \$250,000 in annual taxable income.

For a comprehensive history of the B&O tax prior to 2019, refer to the [History of Major Washington Taxes](#).

Cannabis Excise Tax

RCW 69.50.530, 69.50.535, and 69.50.540

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

This tax applies in addition to the retail sales, use, business and occupation and litter taxes that retailers collect or pay.

Tax Rate 37%

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$554,861	18.4%	2.0%
2020	\$468,810	20.2%	2.0%
2019	\$389,975	8.0%	1.7%
2018	\$361,169	14.9%	1.7%
2017	\$314,460	69.3%	1.6%
2016	\$185,778	187.9%	1.0%
2015	\$64,530	--	0.4%
2014	\$2	--	--
2013	\$0	--	--
2012	\$0	--	--

Source: Washington State Liquor and Cannabis Board

Distribution of Receipts All cannabis excise tax receipts are deposited into the Dedicated Cannabis Account.

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

Additional transfers are made from the Dedicated Cannabis Account to other accounts, including the Basic Health Plan Trust Account and the State General Fund.

Levied by State

Cannabis Excise Tax

Administration Liquor and Cannabis Board

Retailers must obtain a license to sell cannabis products, which may include a criminal background check.

Licensed cannabis retailers report and pay taxes monthly.

History

2022 The terms “marijuana” and “marihuana” were changed to “cannabis” throughout the Revised Code of Washington.

2015 The 25% cannabis tax paid by cannabis producers and processors was eliminated. The statutory burden of the cannabis tax on retail sales shifted from retailers to buyers. This made the tax in addition to the retail sale price, rather than being included in the sale price. The rate was also increased from 25% to 37% of retail sales.

2015 A retail sales and use tax exemption was created for qualifying patients holding a medical cannabis authorization card.

2014 Cannabis was excluded from certain tax preferences, including all agricultural tax preferences.

2012 Voters passed Initiative 502 legalizing recreational cannabis sales, processing, and production in Washington. I-502 also established a 25% cannabis tax on each level of production (producer to processor, processor to retailer, and retailer to consumer sales).

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

RCW Chapter 82.87 RCW

Tax Base The sale or exchange of certain long-term capital assets. Only individuals pay the tax. The tax applies to gains allocated to Washington.

[Washington's capital gains tax](#) includes an annual standard deduction of \$250,000 per year and exempts real estate gains.

See Chapter 82.87 RCW for additional exemptions, deductions, and credits specific to the capital gains tax.

Tax Rate 7%

Recent Collections (\$000) Collections began in fiscal year 2023.

Distribution of Receipts Two accounts receive collected capital gains taxes:

- The education legacy trust account receives the first \$500 million collected in a fiscal year.
- The common school construction account receives any remaining collections in a fiscal year.

Levied by State

Administration Department of Revenue

Each taxpayer files a capital gains tax return and a copy of their federal tax return for the same taxable year. The capital gains tax return is due at the same time as the taxpayer's federal income tax return. Taxpayers receiving a filing extension for their federal income tax return can receive to the same filing extension for their capital gains tax return. However, a filing extension does not extend the due date for paying the tax.

Capital Gains Tax

- History**
- 2023 Washington Supreme Court ruled the capital gains tax constitutional.
 - 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 Effective January 1, 2022, established an excise tax on capital gains.
-

Cigarette Tax

RCW Chapter 82.24

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

Tax exemptions may reduce these taxes.

For more information refer to the [Tax Exemption Study](#).

This tax is in addition to retail sales, use, business and occupation and litter taxes that may apply.

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.

Of the 29 federally recognized tribes located in Washington, the Department of Revenue (on behalf of the governor) entered into cigarette tax compacts with 27. Tribes may impose a tribal cigarette tax in lieu of the state cigarette tax.

The federal government also levies a tax on cigarette manufacturers. The federal cigarette tax is \$1.01 per pack.

Recent Collections (\$000)

State Cigarette Tax Collections:

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$398,823	1.7%	2.1%
2014	\$392,291	-3.6%	2.2%
2013	\$406,914	-4.2%	2.4%
2012	\$424,815	-1.9%	2.6%

Cigarette Tax

Shared Tribal Cigarette Tax Collections:

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$8,078	-1.6%	0.04%
2014	\$8,207	0.2%	0.05%
2013	\$8,190	7.4%	0.05%
2012	\$7,624	-4.2%	0.05%

Distribution of Receipts

The general fund receives all cigarette tax receipts.

Washington compacts with the Puyallup Tribe of Indians and the general fund receives 30% of tribal cigarette tax receipts.

Levied by

State

Administration

Department of Revenue

Distributors must obtain a license to purchase, sell or distribute cigarettes, which includes a criminal background check and filing a bond with the Department of Revenue.

Cigarette retailers, vending machines, and commercial cigarette making machines require separate licenses.

Wholesalers and operators of retail roll-your-own facilities purchase stamps and affixed them to each package of cigarettes to pay the tax.

- Washington state provides compensation to businesses for affixing stamps:
- Wholesalers receive a stamping allowance of \$6 per 1,000 stamps.
 - Roll-your-own retail businesses receive an additional 5 cents per cigarette.

Cigarette Tax

- History**
- 2012 Created a tax stamp to facilitate collection of the cigarette tax owed on those cigarettes rolled by consumers using machines in roll-your-own retail establishments. Added Roll-your-own cigarettes specifically to the definition of cigarettes.
 - 2011 Eliminated the earmarking of cigarette tax revenues for the Education Legacy Account retroactive to July 1, 2010.
 - 2010 The cigarette tax rate increased to \$3.025 per pack. The amount dedicated to the Education Legacy Account increased 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 in support of educational programs, making the total rate \$2.025 per pack. Washington 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 Legislation allowed the state to compact with 16 Indian tribes relating to the imposition of tribal cigarette taxes. The compacts allow tribes to impose and 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 The cigarette stamping allowance increased to \$6 per 1,000 stamps.
 - 2001 Voters approved Initiative 773, imposing an additional tax of 60 cents per pack, dedicating most of the increase to healthcare. The total rate increased to \$1.425 per pack.
 - 1999 Diverted the 8-cent portion of the tax dedicated to water quality for two years. Diverted 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.
 - 1993-1996 The tax rate increased in four annual steps: to 54 cents in 1993, to 56.5 cents in 1994, to 81.5 cents in 1995, and to 82.5 cents in 1996. Of these

Cigarette Tax

tax increases, healthcare received 41 cents and drug enforcement received 7.5. Implemented additional administrative controls to reduce illegal cigarette sales.

- 1989 The rate increased to 34 cents per pack, with the additional 3 cents earmarked for drug education and enforcement programs.
 - 1986 The tax rate increased to 31 cents per pack, with the additional 8 cents earmarked for water quality programs.
 - 1983 Made the surtaxes permanent.
 - 1982 Surtaxes increased the rate to 23 cents per pack.
 - 1981 The rate increased to 20 cents per pack.
 - 1975 Repealed an exemption for possession of two cartons of unstamped cigarettes.
 - 1972 Retired a 1949 bond for veterans' bonuses, funded by a 2 cent per pack tax. Directed the 2-cent tax to the general fund in 1977 when veteran compensation was fully paid.
 - 1971 The rate increased to 16 cents per pack.
 - 1965 The rate increased to 11 cents per pack.
 - 1961 The rate increased to 7 cents per pack.
 - 1959 The rate increased to 6 cents per pack.
 - 1955 Added an additional tax of 5% of the retail price. Dedicated the revenues to the Public School Building Bond Redemption Fund.
 - 1949 The rate increased to 4 cents per pack and dedicated the revenues to the retirement of bonds issued to pay compensation to veterans.
 - 1939 The rate increased to 2 cents per pack.
 - 1935 Added a cigarette tax at a rate of 1 cent per pack.
-

Derelict Vessel Removal Fee

RCW Chapter 79.100

Tax Base Commercial ships and vessels, as measured by vessel length.

Tax exemptions may reduce these taxes.
 For more information refer to the [Tax Exemption Study](#).

Tax Rate \$1.00 per vessel foot

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$117	20.4%	0.00%
2020	\$97	-30.9%	0.00%
2019	\$140	63.7%	0.00%
2018	\$86	-17.5%	0.00%
2017	\$104	-11.9%	0.00%
2016	\$118	-0.3%	0.00%
2015	\$118	-	0.00%

Distribution of Receipts The Derelict Vessel Removal Account receives all taxes.

Levied by State

Administration Department of Revenue
 The department collects the derelict vessel removal fee with the commercial vessel tax.

History

- 2022 Redirected 25% of the watercraft excise tax to the Derelict Vessel Removal Account to provide additional funding for the removal of abandoned or derelict vessels from waterways.
- 2014 Effective January 1, 2015, established the derelict vessel removal fee at \$1 per vessel foot.

Enhanced Food Fish Tax

RCW Chapter 82.27

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

- “Enhanced food fish” includes:
- Species of food fish¹, shellfish, and anadromous² game fish including byproducts and parts thereof, caught in Washington territorial and adjacent waters.
 - Salmon caught from the waters of Washington, Oregon, or British Columbia.
 - Chinook salmon troll-caught in the territorial and adjacent waters of southeast Alaska.

Persons engaged in commercial fishing and processing are also liable for business and occupation tax under the extracting, manufacturing, or wholesaling classifications.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

¹Food fish includes all species of food fish, except tuna, mackerel, and jack.
²Anadromous game fish means steelhead trout, anadromous cutthroat trout, and Dolly Varden char.

Tax Rate

Enhanced Food Fish Species	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%

Enhanced Food Fish Tax

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$3,475	24.1%	0.02%
2014	\$2,800	8.0%	0.02%
2013	\$2,593	219.9%	0.02%
2012	\$810	-74.6%	0.01%

Distribution of Receipts

The general fund receives these taxes 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.

Levied by

State

Administration

Department of Revenue

The owner of the fish at the time of the first possession reports and pays the tax either monthly, quarterly, or annually on the Enhanced Food Fish Excise Tax addendum to the Combined Excise Tax return.

History

- 2017 Effective January 1, 2018, increased the tax rate on ocean waters, Columbia River, Willapa Bay, and Grays Harbor chinook, coho, chum salmon, and anadromous game fish.
- 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 reduces to 20, whichever occurred first.

Enhanced Food Fish Tax

- 2005 Extended the temporary rate increase on sea urchins and sea cucumbers through December 31, 2010.
 - 2001 Clarified the taxable event occurs after the landing of enhanced food.
 - 1999 Provided additional funding for programs relating to the sea urchin and sea cucumber fisheries by increasing the rate on sea urchins and sea cucumbers through December 31, 2005.
 - 1995 Removed all species of tuna, mackerel, and jack from the definition of enhanced food fish.
 - 1993 Enhanced food fish tax rates increased effective January 1, 1994.
 - 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 Enacted the enhanced fish food tax, replacing a fish tax previously administered by the Department of Fisheries.
-

Estate and Transfer Tax

RCW Chapter 83.100

Tax Base The value of all property located in Washington owned at a person’s date of death. The term “property” includes real estate and other property located in this state, as well as intangible assets, regardless of location.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate After subtracting deductions, the remaining taxable estate pays on a graduated rate schedule ranging from 10% to 20%:

(1) Washington taxable estate of at least	(2) But less than	(3) Tax on amount in column (1)	(4) Plus this tax rate on the excess up to column (2)
\$0	\$1,000,000	\$0	10.00%
\$1,000,000	\$2,000,000	\$100,000	14.00%
\$2,000,000	\$3,000,000	\$240,000	15.00%
\$3,000,000	\$4,000,000	\$390,000	16.00%
\$4,000,000	\$6,000,000	\$550,000	18.00%
\$6,000,000	\$7,000,000	\$910,000	19.00%
\$7,000,000	\$9,000,000	\$1,100,000	19.50%
\$9,000,000		\$1,490,000	20.00%

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$325,865	-49.1%	1.1%
2020	\$646,251	116.9%	2.4%
2019	\$298,017	46.5%	1.2%
2018	\$203,411	20.6%	1.0%
2017	\$168,710	25.3%	0.9%
2016	\$134,680	-12.6%	0.8%
2015	\$154,040	-1.3%	0.7%
2014	\$156,019	49.0%	0.8%
2013	\$104,680	-8.8%	0.9%
2012	\$114,828	1.7%	0.6%

Estate and Transfer Tax

Distribution of Receipts The Education Legacy Trust Account receives receipts from the estates of those who died on or after May 17, 2005. The general fund receives receipts from the estates of those that died prior to May 17, 2005.

Levied by State

Administration Department of Revenue

If the gross value of an estate exceeds the filing threshold, administrators or personal representatives of the estate must file an Estate and Transfer Tax Return within nine months of a person's death. If applicable, administrators must include a copy of the federal estate tax return, with the state estate tax return. Once the estate pays the taxes, the department issues a release stating the administrators can transfer the deceased person's property.

History 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:

- Provided an annual adjustment to the Washington estate tax threshold based on the Consumer Price Index.
- Increased the top four estate tax rates.
- Allowed a qualified family-owned business interests (QFOBI) deduction.

2012 The Washington Supreme Court found that the decedents' Washington estate should exclude qualified terminable interest property (QTIP) when computing Washington's estate 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, enacted a "stand-alone" estate tax based on the Internal Revenue Code as of January 1, 2005.

Estate and Transfer Tax

2001 The U.S. Congress phased out the federal estate tax by 2010 and eliminated the credit for state taxes at 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 repealing the state inheritance and gift taxes effective January 1, 1982.

The initiative allowed continuation of a state estate tax equal to the amount of federal estate tax credit, referred to as a “pick-up” tax.

1979 Washington enacted comprehensive revisions to the inheritance tax.

1941 Washington enacted a companion gift tax at rates equal to 90% of the inheritance tax rates.

1901 Washington established the inheritance tax which became one of the first state taxes. A court ruling upheld the tax as an excise tax on the privilege of inheriting property, and not as a tax on the property itself.

Hazardous Substance Tax

RCW Chapter 82.21

Tax Base The first possession in Washington of petroleum products, pesticides, and certain chemicals that the Department of Ecology determines to present a threat to human health or the environment if released into the environment.

Taxable products include:

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

The tax base for petroleum products is the volume in barrels.

For non-petroleum products and petroleum products not easily measured on a per-barrel basis, the tax base is the wholesale value.

Examples of products taxed on a per-barrel basis:

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

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

- Ethane.
- Propane.
- Butane.
- Petroleum coke.

Tax exemptions may reduce these taxes.

For more information, refer to the [Tax Exemption Study](#).

Tax Rate \$1.20 per barrel¹ from July 1, 2022, through June 30, 2023, or 0.7% of the wholesale value.

¹The department adjusts the per barrel rate for inflation on July 1 of each year.

Hazardous Substance Tax

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$153,496	-21.3%	0.8%
2014	\$195,011	-1.7%	1.1%
2013	\$198,464	0.4%	1.2%
2012	\$197,604	12.6%	1.2%

Distribution of Receipts

The Motor Vehicle Fund for transportation stormwater activities and projects receives the first \$50 million of these taxes each biennium. During the 2021-23 biennium, the Motor Vehicle Fund received the \$50 million equally across each month.

These accounts receive the rest of the per barrel receipts as follows:

- 60% to the Model Toxics Control Operating Account (RCW 70A.305.180).
- 25% to the Model Toxics Control Capital Account (RCW 70A.305.190).
- 15% to the Model Toxics Control Stormwater Account (RCW 70A.305.200).

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

Levied by

State

Administration

Department of Revenue

History

- 2021 The timing of the \$50 million 2021-2023 biennium transfer to the Motor Vehicle Fund changed to monthly transfers for the duration of the biennium, instead of at the beginning of the biennium.
- 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.

Hazardous Substance Tax

- 2015 Added a hazardous substance tax exemption for 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 March 1 at a rate of 0.7% of the wholesale value of the product.
 - 1988 Voters passed Initiative 97 establishing a tax on the possession of hazardous substances in Washington. The tax replaced a similar hazardous substance tax established January 1, 1988.
-

Heavy Equipment Rental Tax

RCW	Chapter 82.51
Tax Base	<p>The rental price of heavy equipment rental property, when rented to a consumer by a heavy equipment rental property dealer.</p> <p>Heavy equipment rental property means any equipment rented by a heavy equipment property dealer that is:</p> <ul style="list-style-type: none">○ Mobile and not permanently affixed to real property.○ Customarily used for construction, earthmoving, or industrial applications.○ Rented without an operator. <p>This tax is in addition to the retail sales, use, and business and occupation taxes that may apply.</p> <p>See Chapter 82.51 RCW for exemptions, deductions, and credits specific to the heavy equipment rental tax.</p>
Tax Rate	1.25%
Recent Collections (\$000)	Collections will begin to appear in the next manual.
Distribution of Receipts	<p>Receipts from this tax are deposited as follows:</p> <ul style="list-style-type: none">● 50% into the Motor Vehicle Fund.● 50% into the Multimodal Transportation Account.
Levied by	State
Administration	Department of Revenue
History	2020 Established the heavy equipment rental tax, effective January 1, 2022.

Industrial Insurance

RCW Chapters 51.12 and 51.16

Tax Base Most employers in Washington must carry no-fault industrial insurance for employees, known as workers' compensation. The state bases the premium on the number of hours worked by employees.

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

Tax Rate The state intends for the premium rate to reflect the costs the state expects a business to add to the workers' compensation system. The state bases this on:

- Risk classification.
- Base rates.
- Experience factor.

The state calculates the premium rate by:

1. Multiplying a business' 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

The state classifies each business according to the degree of hazard associated with its occupation or industry. Over 300 risk classifications exist. A business may have more than one risk classification if it meets certain criteria.

Experience Factor

The experience factor is a prediction of how a business' future claim costs compare to its risk classification. The experience factor adjusts the base rates by comparing a business' experience with all businesses in the same risk class.

Base rates

Base rates vary by risk classification. The four base rates include:

- 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.

Industrial Insurance

- Stay at Work: 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. This base rate is the same for all businesses regardless of risk classification.

Employers pay (after adjusting for experience factor):

- 100% of the Accident Fund.
- 50% of the Medical Aid Fund.
- 50% of Stay at Work.
- 50% of the Supplemental Pension Fund.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$2,445,313	-7.2%	8.2%
2020	\$2,635,304	0.3%	9.8%
2019	\$2,627,669	-3.5%	10.2%
2018	\$2,723,488	3.2%	11.4%
2017	\$2,638,150	7.9%	12.0%
2016	\$2,444,264	5.3%	12.0%
2015	\$2,321,211	7.4%	12.4%
2014	\$2,160,494	3.1%	12.1%
2013	\$2,094,760	4.1%	12.3%
2012	\$2,011,360	8.6%	12.4%

Source: Washington State Department of Labor and Industries

Distribution of Receipts

The Washington State Industrial Insurance Fund receives all the receipts. The receipts pay for:

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

The State Investment Board invests unspent funds.

Levied by

State

Industrial Insurance

Administration Department of Labor and Industries

Employers receive an annual rate notice summarizing insurance coverage beginning in January.

Each employer files quarterly reports and premium payments based on its industry and workers' hours.

History 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 prevent programs to self-insure.

1911 Established the industrial insurance program.

Insurance Premiums Tax

RCW Chapter 48.14, 48.15.120, and 48.201.040

Tax Base The net premiums received by authorized insurers, surplus line brokers, and registered eligible captive insurers.

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

Tax exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

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

0.95% for ocean marine and foreign trade insurers.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$683,639	-1.1%	2.3%
2020	\$691,393	8.0%	2.6%
2019	\$640,136	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%
2015	\$555,976	19.0%	3.0%
2014	\$467,351	7.2%	2.6%
2013	\$436,118	1.4%	2.6%
2012	\$430,052	4.1%	2.7%

Source: Washington State Office of the Insurance Commissioner

Levied by State

Insurance Premiums Tax

Distribution of Receipts The general fund receives all taxes except for:

- A portion of fire insurance premiums.
- Premiums written on qualified health and dental plans offered through the Health Benefit Exchange.

For fire insurance premiums taxes:

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

The Health Benefit Exchange Account receives taxes on premiums written on qualified health and dental plans offered through the Health Benefit Exchange.

Administration Office of the Insurance Commissioner

Insurance companies and surplus line brokers report premium revenues annually on March 1, for the prior calendar year.

Insurers owing \$400 or more for a calendar year must prepay premium tax for the following year:

- 45% of tax due by June 15.
- 25% of tax due by September 15.
- 25% of tax due by December 15.

Reconciliation and payment of the remaining tax is due when filed on March 1.

History

2021 Legislation required captive insurers to register and pay premium taxes at the 2% rate.

2014 Directed premium taxes collected on medical and stand-alone dental plans offered through the Health Benefit Exchange to the Health Benefit Exchange Account.

2009 Health care insurance revenue was no longer allocated to the Health Services Account. The revenue instead was allocated to the State General Fund.

2000 Prohibited local governments from imposing a tax similar to the tax on premiums of health maintenance organizations (HMOs), health care service contractors (HCSCs), or self-funded multiple employer welfare arrangements.

Insurance Premiums Tax

- 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% premiums tax on premiums and prepayments. Allocated the revenues to the Health Services Account.
- 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 premiums tax - at a rate of 2%.
-

Intermediate Care Facilities Tax

RCW Chapter 82.65A

Tax Base Gross receipts of intermediate care facilities for services provided to individuals with developmental disabilities. The Department of Social and Health Services and the federal Department of Health and Human Services certify taxable facilities.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate 6%

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$7,978	-8.4%	0.04%
2014	\$8,708	10.9%	0.05%
2013	\$7,851	-0.1%	0.05%
2012	\$7,858	-11.1%	0.05%

Distribution of Receipts The general fund receives these taxes to fund the state share of the cost of the facilities. The facilities receive federal funds on a matching basis.

Levied by State

Administration Department of Revenue

History

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

Leasehold Excise Tax

RCW Chapter 82.29A

Tax Base Typically, 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 property of the owner.

Contract rent does not include:

- Costs reimbursed by an owner.
- Costs for repair or replacement of facilities due to fire or another 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 exemptions may reduce these taxes.

For more information refer to the [Tax Exemption Study](#).

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.
-

Leasehold Excise Tax

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$28,504	3.0%	0.2%
2014	\$27,682	1.1%	0.2%
2013	\$27,394	1.2%	0.2%
2012	\$27,077	1.7%	0.2%

Distribution of Receipts

The general fund receives all receipts from the state portion of this tax.
 The State Treasurer distributes the local receipts bi-monthly.

Levied by

State, counties, and cities

Administration

Department of Revenue

Public entities leasing property to private lessees report and pay the tax quarterly on the Leasehold Excise Tax Return.

Lessees of federal property report and pay the tax annually on the Leasehold Excise Tax Return.

The Department retains 2% of the county and city receipts for administrative expenses.

History

2022 Exempted facilities owned by the Parks and Recreation Commission and listed on the National Register of Historic Places or Washington Heritage Register until January 1, 2034.

2020 Made permanent the property tax exemption, leasehold excise tax, and payment in-lieu of tax provisions for property owned by federally recognized Indian tribes and used for economic development.

Leasehold Excise Tax

- 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 leasehold excise tax.
 - 2010 Exempted community centers from property tax for 40 years and added them to the leasehold excise tax instead.
 - 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 prior to 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 leasehold interest in publicly owned property could be taxed.
-

Litter Tax

RCW Chapter 82.19

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 waters.
- 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 accounting for all items not subject to litter tax separately:

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

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate 0.015%

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$14,173	6.2%	0.0%
2020	\$13,340	2.4%	0.0%
2019	\$13,023	10.4%	0.1%
2018	\$11,795	0.6%	0.0%
2017	\$11,727	2.4%	0.1%
2016	\$11,453	5.4%	0.1%
2015	\$10,865	5.5%	0.1%
2014	\$10,302	4.5%	0.1%
2013	\$9,856	4.5%	0.1%
2012	\$9,434	0.8%	0.1%

Distribution of Receipts The Waste Reduction, Recycling, and Litter Control Account receives the tax receipts. The Department of Ecology uses these funds for various control

Litter Tax

programs, public education, and awareness programs related to litter control and recycling.

Levied by State

Administration Department of Revenue

- History**
- 2020 Enacted legislation to end distributions to the State Parks Renewal and Stewardship Account on June 30, 2020.
 - 2019 Enacted legislation to authorize the distribution of \$1.25 million per fiscal year to the State Parks Renewal and Stewardship Account until June 30, 2021.
 - 2017 Enacted legislation extending the distribution of \$5 million per fiscal year to the State Parks Renewal and Stewardship Account to June 30, 2019.
 - 2015 Add the encouragement of proper and appropriate as a purpose of the litter tax. Also made permanent additional changes to specific allowable uses of litter tax funds from 2013.
 - 2013 Enacted legislation requiring distribution of \$5 million per fiscal year to the State Parks Renewal and Stewardship Account until July 2017.
 - 2008 Repealed the department performing a biennial analysis of the litter tax compliance.
 - 2005 Added an exemption for the sale of prepared food or beverages by caterers with certain requirements.
 - 2003 Added an exemption for food and beverages consumed indoors on the premises of the seller.
 - 2001 Added an exemption for the sale of products for resale by a qualified grocery distribution cooperative to its customer-owners.
 - 1998 Changed the reporting frequency from annual to coincide with the reporting frequency of each taxpayer. Added that the department perform a biennial analysis of litter tax compliance.

Litter Tax

- 1992 Renamed the Model Litter Control and Recycling Act to the Waste Reduction, Recycling, and Model Litter Control Act. Gave the department the authority to establish rules allowing 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 Established the litter tax under the Model Litter Control and Recycling Act to fund litter control with annual payments.
-

Local Admissions Taxes

RCW 35.21.280, 35.57.100, 36.38.010, & 36.100.210

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 refreshment 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 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.

Recent Collections Collection information may be available from counties and cities imposing the tax, or through the State Auditor Office’s [Financial Intelligence Tool](#).

Distribution of Receipts Jurisdictions use the receipts as follows:

- **Counties:** For payments on bonds related to the construction of a baseball stadium. 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.

Local Admissions Taxes

Levied by	<p>Cities, towns, counties, and public facilities districts</p> <p>If a city and its county both levy the tax, the county tax does not apply within the city.</p> <p>For the professional baseball and football stadiums located in Seattle, King County levies the tax rather than Seattle.</p> <p>The law limits the admissions tax levied by public facilities districts to the regional centers they operate. Counties and cities may not impose an admissions tax on events at a regional center if a public facilities district levies the tax.</p>
Administration	<p>County auditors, city clerks, and public facilities districts</p> <p>Those charging admissions collect and pay the tax to the appropriate local jurisdiction.</p>
History	<p>2012 Authorized Seattle to collect a temporary admissions tax for certain college games played at the professional football stadium.</p> <p>1999 Authorized admission taxes for tickets to events at regional centers.</p> <p>1997 Extended exemptions to the professional football stadium and exhibition center in Seattle.</p> <p>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.</p> <p>1943 Repealed the state tax and authorized counties and cities to levy the tax.</p> <p>1935 Established the admissions tax in the Revenue Act of 1935.</p>

Local Employer Tax

RCW	81.100.030 and 81.104.150		
Tax Base	<p>Full-time equivalent (FTE) employees working in the county or city.</p> <p>Includes all employers (private firms and governmental agencies).</p>		
Tax Rate	Up to \$2.00 per FTE employee per month.		
Recent Collections (\$000)	Collection information may be available from counties and cities imposing the tax, or through the State Auditor Office’s Financial Intelligence Tool .		
Distribution of Receipts	Counties and cities use receipts for local transportation-related purposes.		
Levied by	<p>With voter approval, the following levy these taxes:</p> <table border="1"> <tr> <td> <p>High Occupancy Vehicle Systems (RCW 81.100.030):</p> <p>King, Pierce, or Snohomish counties for high occupancy vehicle (HOV) systems (e.g., carpooling programs and HOV lanes) or a regional transportation investment district (RTID) for authorized capital and RTID purposes.</p> </td> </tr> <tr> <td> <p>High-Capacity Transportation (RCW 81.104.150):</p> <p>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 (e.g., commuter rail systems). If the county levies a local employee tax for HOV systems, then these jurisdictions may not levy the tax.</p> </td> </tr> </table>	<p>High Occupancy Vehicle Systems (RCW 81.100.030):</p> <p>King, Pierce, or Snohomish counties for high occupancy vehicle (HOV) systems (e.g., carpooling programs and HOV lanes) or a regional transportation investment district (RTID) for authorized capital and RTID purposes.</p>	<p>High-Capacity Transportation (RCW 81.104.150):</p> <p>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 (e.g., commuter rail systems). If the county levies a local employee tax for HOV systems, then these jurisdictions may not levy the tax.</p>
<p>High Occupancy Vehicle Systems (RCW 81.100.030):</p> <p>King, Pierce, or Snohomish counties for high occupancy vehicle (HOV) systems (e.g., carpooling programs and HOV lanes) or a regional transportation investment district (RTID) for authorized capital and RTID purposes.</p>			
<p>High-Capacity Transportation (RCW 81.104.150):</p> <p>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 (e.g., commuter rail systems). If the county levies a local employee tax for HOV systems, then these jurisdictions may not levy the tax.</p>			
Administration	The levying jurisdiction may contract with the Department of Revenue or another appropriate entity for collection of the tax from employers.		
History	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.		

Local Employer Tax

- 2002 Allowed 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 Taxes

RCW 9.46.110

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 the taxes for operators.
For more information, see RCW 9.46.291.

Tax Rate The maximum rate a local jurisdiction may levy:

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

Recent Collections (\$000) Collection information may be available from counties and cities imposing the tax, or through the State Auditor Office’s [Financial Intelligence Tool](#).

Distribution of Receipts Counties and cities use receipts for local gambling enforcement programs. purposes.

Local Gambling Taxes

Levied by	Counties, cities, and towns
	The county tax applies only in the unincorporated area even if the cities or towns in the same county levy the tax.
Administration	County treasurers and city clerks
	The Washington State Gambling Commission licenses and regulates gambling activities.
History	<p>1999 Reduced the tax rate for bingo and raffles from 10% to 5%.</p> <p>1997 Adopted different punchboard and pull-tab rates.</p> <p>1984 Eliminated the tax on coin-operated pull-tab dispensing machines.</p> <p>1981 Adopted a 20% tax rate for social card games.</p> <p>1977 Reduced the maximum tax rate for amusement games to 2% and created a nonprofit exemption.</p> <p>1976 Adopted a tax on coin-operated pull-tab dispensing machines.</p> <p>1973 Adopted local taxation of certain nonprofessional gambling activities after a 1972 constitutional amendment authorized these activities.</p> <p>1952 Eliminated the gambling tax on slot machines that the courts considered an unconstitutional form of lottery.</p> <p>1947 Doubled the tax rates on gambling (slot) machine activity.</p> <p>1941 Adopted the initial tax on gambling (slot) machine activity with rates of 10% and 20% depending upon the operator's skill.</p>

Local Household Tax

RCW	35.95.040
Tax Base	County or city residents as measured by household units.
Tax Rate	Up to \$1.00 per month per household.
Recent Collections (\$000)	Collection information may be available from counties and cities imposing the tax, or through the State Auditor Office’s Financial Intelligence Tool .
Distribution of Receipts	<p>Cities use receipts for the operation, maintenance, and capital purposes of municipally owned, leased, or operated transportation systems.</p> <p>Counties use receipts for the unincorporated transportation benefit area (created through RCW 36.57.100 and RCW 36.57.110).</p>
Levied by	<p>Counties and cities</p> <p>Counties levy the tax only within the unincorporated area of the county.</p>
Administration	County treasurer, county auditor, city treasurer, or city clerk
History	<p>1975 Counties allowed to levy the tax.</p> <p>1965 Adopted the local household tax allowing cities to impose the tax.</p>

Motor Vehicle Fuel Tax

RCW Chapter 82.38

Tax Base Suppliers, distributors, refiners, and blenders of fuel 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 includes gasoline and other inflammable gases or liquids used to propel motor vehicles or boats.
- Special fuel includes all combustible gases and liquids used to propel motor vehicles, such as diesel, biodiesel, natural gas, propane, and butane.

Tax exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

In addition to the state fuel taxes, federal taxes apply as may local taxes.

Tax Rate 49.4 cents per gallon

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

Vehicle Tonnage (GVW)	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 tax rates:
- 18.3 cents per gallon of motor vehicle fuel or gasohol.
 - 24.3 cents per gallon of diesel or kerosene.
 - 18.3 cents per gasoline gallon equivalent of liquefied petroleum gas, commonly called propane.
 - 24.3 cents per diesel gallon equivalent of liquefied natural gas.
 - 18.3 cents per gasoline gallon equivalent of compressed natural gas.
-

Motor Vehicle Fuel Tax

Recent Collections (\$000)

Fiscal Year	Tax Rate (cents per gallon)	Collections ¹	% Change	% of All State Taxes
2021	49.4	\$1,590,784	-6.5%	5.3%
2020	49.4	\$1,701,593	-4.1%	6.3%
2019	49.4	\$1,775,177	-1.4%	6.9%
2018	49.4	\$1,800,547	4.1%	7.5%
2017	49.4	\$1,729,806	15.2%	7.8%
2016	44.5	\$1,502,071	17.1%	7.4%
2015	37.5	\$1,282,378	1.4%	6.8%
2014	37.5	\$1,264,797	1.8%	7.1%
2013	37.5	\$1,242,422	0.1%	7.3%
2012	37.5	\$1,240,920	-1.2%	7.7%

¹Gross tax collections, based on month of distribution.
Source: Washington State Department of Licensing

Distribution of Receipts

The Motor Vehicle Fund receives the taxes and the following distributions of the 49.4 cents per gallon occur:

- The law splits 23 cents as follows:
 - 44.387% to the Motor Vehicle Fund.
 - 3.2609% to Special Category C Account for projects that require bond financing.
 - 2.3283% to the Puget Sound Ferry Operations Account.
 - 2.3726% to the Puget Sound Ferry Capital Construction Account.
 - 13.2336% to the Transportation Improvement Account.
 - 19.2287% to counties.
 - 10.6961% to cities and towns.
 - 1.9565% to the County Arterial Preservation Account.
 - 2.5363% to the Rural Arterial Trust Account.
- 11.9 cents to the Connecting Washington Account.
- 3.5 cents to the Transportation Partnership Account.
- The law splits 6 cents as follows:
 - 83.3334% to the Transportation Partnership Account.
 - 8.3333% to counties.
 - 8.3333% to cities and towns.
- 5 cents to bond retirement for the transportation projects authorized in 2003.

Levied by

State

Motor Vehicle Fuel Tax

Administration Department of Licensing

Suppliers, distributors, blenders, fuel terminals, and registered carriers of vehicle fuel file monthly reports with the Department of Licensing that include the number of gallons of fuel:

- Received and distributed from terminal or refinery facilities.
- Transferred between licensees within the state.
- Imported into the state or exported from Washington.

Suppliers, distributors, blenders, fuel terminals, and registered carriers of vehicle fuel collect and assess the tax and then pass it on to retailers, who include it in the pump price.

History

- 2015 Passed the Connecting Washington Transportation Act. The state tax rate increased by 7 cents per gallon in fiscal year 2016 and by an additional 4.9 cents per gallon in fiscal year 2017.
- 2013 Merged Chapter 82.36 RCW with Chapter 82.38 RCW effective July 1, 2016.
- 2005 Adopted the Transportation Partnership Act resulting in , a phased in 7 cent per gallon state motor vehicle and special fuel tax increase.
- 2003 Adopted the Nickel Transportation. As a result, the state motor vehicle and special fuel tax rates increased by 5 cents per gallon. Each county in a regional transportation investment district received authority to levy a local fuel tax up to 10% of the state rate. Responsibility for administration transferred from the Department of Licensing to the Department of Revenue.
- 1998 The burden of reporting motor vehicle fuel tax shifted from the distributor to the owner of the fuel when delivered from a refinery or terminal facility into Washington.
- 1991 Authorized border jurisdiction areas to enact a motor vehicle fuel tax up to 1 cent per gallon.
- 1990 Authorized county fuel taxes.
- 1983 Repealed the fluctuating fuel tax rate.

Motor Vehicle Fuel Tax

- 1978 Adopted a fluctuating fuel tax rate calculated using the average price of fuel and highway budgetary needs.
 - 1971 Adopted the special fuel tax statute with a rate of 9 cents per gallon; subsequent rate changes occurred consistent with changes to the motor vehicle fuel tax.
 - 1944 Voters approved the 18th amendment to the state constitution requiring the use of fuel tax revenues for highway purposes.
 - 1941 Adopted a separate “use” fuel tax at a rate of 5 cents per gallon for diesel fuel.
 - 1933 Adopted refunds for off-highway vehicle use.
 - 1921 Enacted the motor vehicle fuel tax that also applied to special fuels.
-

Oil Spill Tax

RCW Chapter 82.23B

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 exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

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

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

When funds in the oil spill response account fall to \$8 million, owners of crude oil or petroleum products must pay the oil spill response tax until the account balance once again exceeds \$9 million.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$3,184	-12.6%	0.02%
2014	\$3,641	-13.5%	0.02%
2013	\$4,211	17.9%	0.02%
2012	\$3,571	-6.7%	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 rest of the taxes. The state uses these funds for:

- The prevention of and response to oil spills in state waters and the control of water pollution.
- Administrative costs incurred by the Department of Ecology and the Office of Marine Safety.

Oil Spill Tax

The Oil Spill Response Account receives all receipts 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.
-

Levied by State

Administration Department of Revenue

Each owner of crude oil or petroleum products pays the tax to the terminal operator where they offload product. Each terminal operator or taxpayer with a direct pay certificate reports and remits the tax.

History

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 prior to off-loading to the owner when the product transfers to storage tanks.

1991 Adopted 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

RCW 67.16.105

Tax Base Licensed conductors of horse racing events pay tax on the gross receipts from pari-mutuel machines.¹ This tax is in addition to the business and occupation tax.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate Based on a taxpayer’s previous year gross receipts the tax rates are:

- 1.803% with gross receipts of less than \$50 million.
- 1.300% with gross receipts of \$50 million or more.

Additionally, the Horse Racing Commission receives:

- 1.1% of daily gross receipts.
- 1.0% of daily gross receipts from exotic wagers.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$1,454	35.1%	0.01%
2020	\$1,076	-20.9%	0.00%
2019	\$1,361	-10.4%	0.01%
2018	\$1,519	-7.1%	0.01%
2017	\$1,635	-8.3%	0.01%
2016	\$1,782	2.9%	0.01%
2015	\$1,732	-4.3%	0.01%
2014	\$1,809	-2.7%	0.01%
2013	\$1,860	-8.3%	0.01%
2012	\$2,029	-8.4%	0.01%

Source: Washington State Horse Racing Commission

Distribution of Receipts The Horse Racing Commission receives all receipts from this tax. They use the receipts for operating expenses. The state treasurer receives any amount not used by the end of the fiscal biennium and deposits them into the Fair Fund.

The commission distributes the additional amounts received as follows:

- 0.1% of the additional 1.1% funds nonprofit race meets.

¹ A “pari-mutuel machine” registers bets, then calculates and posts the changing odds and final payouts.

Pari-mutuel Tax

- 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.

Levied by State

Administration Horse Racing Commission

Licensed racetrack operators report and pay the tax daily.

History

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 this addition applied to only live races offered at the racing facility exempting Simulcast wagers.

2009 Granted the Horse Racing Commission the authority to collect and distribute the additional 1% tax on exotic wagers to the Washington bred breeders' awards.

2004 Authorized advance deposit wagering (ADW) and full card simulcasting to satellite locations. ADW is the ability of Washington residents to wager on races, both in and outside the state, via telephone or by using the 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 Authorized wagering at satellite locations.

1985 Reduced the pari-mutuel tax rates to a range of 0.5% to 4%.

Pari-mutuel Tax

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%.

Petroleum Products Tax

RCW Chapter 82.23A

Tax Base The wholesale value of petroleum products upon first possessed in the state.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate 0.15% until October 1, 2023, then 0.3%

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$518	-638%	0.00%
2014	-\$96	-110%	0.00%
2013	\$1,001	362%	0.01%
2012	\$217	-92%	0.00%

Distribution of Receipts

The Pollution Liability Insurance Program Trust Account receives all receipts from this tax. Each biennium, if the account balance exceeds \$7.5 million, the Pollution Liability Insurance Agency Underground Storage Tank Revolving Account may receive a transfer of up to \$20 million (RCW 70A.345.080).

The tax includes a "trigger" mechanism based on the amount of funds in the Pollution Liability Insurance Program Trust Account:

- Beginning October 1, 2023, when the balance falls below \$15 million for the most recent quarter, the tax starts.
- Beginning October 1, 2023, When the balance exceeds \$30 million for the previous calendar quarter, the tax stops.

The Pollution Liability Insurance Agency uses funds from the Pollution Liability Insurance Program Trust Account for administration of the pollution liability insurance program and emergency program.

Petroleum Products Tax

Levied by State

Administration Department of Revenue

- History**
- 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 Enacted the tax at a rate of 0.5% and set the tax to expire June 1, 1995.
-

Property Tax

RCW

Title 84

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.

Each county assessor annually values each property in their county. The county treasurer collects the property taxes. County assessors also physically inspect each property at least once every six years. The Department of Revenue each year values state-assessed property, such as property owned by interstate utility companies.

Assessed values reflect the highest and best use of the property at 100% of market value except for those applying and receiving a valuation based on:

- The property having a current use of agricultural, open space, or timber land.
- The property being designated forest land.
- The owner qualifying for a senior citizen and disabled homeowners' property tax exemption.

Personal property includes machinery, equipment, business supplies, non-attached mobile homes, state-assessed commercial vessels and utility property, and other movable items.

Tax exemptions may shift the taxes to other property owners.

For more information, refer to the [Tax Exemption Study](#).

Tax Rate

The same property tax rate applies to both real and personal property. 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 one percent limit for all regular levies, except ports and public utility districts.

The [Levy Manual](#) contains the statutory maximum rate for regular taxing districts and explains more about the two aggregate limits.

The [Property Tax Statistics](#) include taxing district levies, values, and current rates.

Property Tax

Recent Collections (\$000)

STATE PROPERTY TAX LEVY

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$4,432,353	24.2%	16.3%
2020	\$3,568,185	6.2%	15.8%
2019	\$3,359,107	21.8%	15.2%
2018	\$2,758,216	31.4%	13.1%
2017	\$2,099,211	1.8%	10.9%
2016	\$2,061,206	2.1%	11.4%
2015	\$2,019,486	2.3%	12.0%
2014	\$1,974,125	2.0%	12.3%
2013	\$1,935,875	2.0%	12.6%
2012	\$1,898,427	2.2%	13.2%

Note: Legislation created part 2 of the state levy resulting in increased collections beginning in fiscal year 2018 and reduced the total rate resulting in decreased collections in fiscal year 2020.

The [Property Tax Statistics](#) includes additional property tax collection information.

Distribution of Receipts

The General Fund receives the taxes from the state school property tax levy for the support of basic education.

County treasurers distribute local property taxes to each taxing district.

Levied by

The state levies the state school property tax. The Department of Revenue calculates and apportions this tax to each county.

Counties, cities, school districts, fire districts, ports, libraries, public utilities, hospitals, parks, and other types of local taxing districts levy local property taxes.

Administration

County assessors determine the property tax rates for their portion of the state school property tax levy and most local levies. Regional libraries calculate their own levy rates and provide county assessors this information.

County treasurers collect and distribute property taxes.

Property Tax

Each year, property owners pay at least one-half of these taxes by April 30 and the rest by October 31. Penalties and interest apply to late payments. Taxes delinquent for more than three consecutive years result in foreclosure action begin taken on the property.

History

Property taxes started before Washington became a state. A list of significant historical events for property taxes in Washington can be found in the [Levy Manual](#) and also at [History of Major Washington Taxes](#).

Public Utility Tax

RCW Chapter 82.16

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 exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

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

Classification	Rate
Distribution of water	5.029%
Generation/distribution of electrical power	3.8734%
Log transportation	1.3696%
Telegraph companies, distribution of natural gas, and collection of sewage	3.852%
Urban transportation and watercraft vessels under 65 feet in length	0.642%
Motor transportation, railroads, railroad car companies, and all other public service businesses	1.926%

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$400,482	-3.2%	2.1%
2014	\$413,682	4.6%	2.3%
2013	\$395,622	4.9%	2.3%
2012	\$377,245	-5.8%	2.3%

Public Utility Tax

Distribution of Receipts The General Fund receives all these taxes except for the following deposits into the Education Legacy Trust Account:

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

Beginning July 1, 2023, the Education Legacy Trust Account receives these taxes rather than the Public Works Assistance Account.

Levied by State

Administration Department of Revenue

History A comprehensive history of the public utilities tax can be found at [History of Major Washington Taxes](#).

Public Utility District Privilege Tax

RCW Chapter 54.28

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

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate For hydroelectric dams and other electricity generating facilities:

- 2% on sales of power distributed through a district’s own distribution systems to consumers.
- 5% on the first 4 mils per kilowatt hour for either:
 - The wholesale value of self-generated energy distributed to a district’s customers.
 - The 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 all of the above.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$58,579	0.4%	0.2%
2020	\$58,356	-0.4%	0.2%
2019	\$58,608	2.9%	0.2%
2018	\$56,942	5.6%	0.2%
2017	\$53,903	5.3%	0.2%
2016	\$51,180	0.5%	0.3%
2015	\$50,924	3.2%	0.3%
2014	\$49,342	3.2%	0.3%
2013	\$47,816	6.7%	0.3%
2012	\$44,815	12.9%	0.3%

Public Utility District Privilege Tax

Distribution of Receipts Hydroelectric dams and other electricity generating facilities taxes distribute as follows:

- 4% to the General Fund.
- The other 96% splits with:
 - 37.6% going to the General Fund for public schools.
 - The rest going proportionately to the counties with a generating facility.

Thermal electric generating facilities taxes distribute as follows:

- 4% to the General Fund.
- The other 96% splits with:
 - 50% going to the General Fund for public schools.
 - 22% going to counties.
 - 23% going to cities.
 - 3% going to fire protection districts.
 - 2% going to library districts.

The General Fund receives all of the 7% surtax.

Levied by State and cities

Cities may tax PUD facilities located within city boundaries based on gross revenues from the sale of electricity to consumers within the city.

Administration Department of Revenue

Public utility districts report and pay the tax using the PUD Privilege Tax Return by February 25 for the prior year.

History 2021 Changed the due date to February 25th and directed the state treasurer to distribute the taxes at the same time as local sales and use tax distributions.

2018 Beginning January 1, 2018, required the public utilities districts to calculate the tax due instead of the department. Also allowed the public utility districts to report the PUD privilege 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.

Public Utility District Privilege Tax

- 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 public utility districts provide wholesale telecommunications services they must separately account for those revenues.
 - 1983 Made the surtax permanent.
 - 1982 Added a surtax of 7% to the PUD tax rates.
 - 1977 Established the 1.5% rate on 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 (REET)

RCW Chapters 82.45 and 82.46

Tax Base Sales of real property measured by the selling price, including the amount of any liens, mortgages, or other debts. Typically, the seller of the property 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 exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

Tax Rate Beginning January 1, 2023, the state graduated real estate excise tax rates apply to the portion of the sale price as follows:

Sales price threshold	Tax Rate
\$525,000 or less	1.10%
\$525,000.01 - \$1,525,000	1.28%
\$1,525,000.01 - \$3,025,000	2.75%
\$3,025,000.01 or more	3.00%

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

Counties, cities, and towns may add a local real estate excise tax.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$808,977	22.2%	4.3%
2014	\$662,132	13.4%	3.7%
2013	\$583,763	38.2%	3.4%
2012	\$422,360	11.2%	2.6%

Real Estate Excise Tax (REET)

Distribution of Receipts From January 1, 2020, through June 30, 2023, the taxes distribute as follows:

- 79.4% goes to the General Fund.
- 1.7% goes to the Public Works Assistance Account.
- 1.4% goes to the City/County Assistance Fund.
- The Education Legacy Trust Account receives the remainder.

Beginning July 1, 2023, the taxes distribute 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.

Levied by State, counties, and cities

Administration Department of Revenue and county treasurers

County treasurers collect the tax at the time of sale and send the taxes to the state treasurer.

For transfers of controlling interests in entities that own real property, taxpayers pay the Department of Revenue directly.

History

2022 Beginning January 1, 2023, exempted the sale or transfer of real property to a qualifying grantee using the property as low-income housing.

2019 Adopted graduated state real estate excise tax rates.

2019 Reinstated the exemption for sales of qualified manufactured/mobile home communities until January 1, 2030.

2019 Exempted the sale of self-help housing by an affordable homeownership facilitator to a low-income household.

For a comprehensive real estate excise tax history prior to 2019, refer to the dor.wa.gov webpage [History of Major Washington Taxes](#).

Rental Car Tax

RCW 82.08.020(2) and 82.08.011

Tax Base The rental price paid for the rental of a passenger car for no more than 30 consecutive days.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

This tax is in addition to state and local retail sales taxes.

Tax Rate 5.9%

For information about the local portion of this tax imposed by counties and other jurisdictions refer to the [Local Tax Reference Guide](#).

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$20,643	-34.8%	0.1%
2020	\$31,663	-12.3%	0.1%
2019	\$36,110	6.1%	0.1%
2018	\$34,047	4.4%	0.1%
2017	\$32,611	2.7%	0.1%
2016	\$31,765	8.7%	0.2%
2015	\$29,218	8.9%	0.2%
2014	\$26,826	16.4%	0.2%
2013	\$23,039	-2.7%	0.1%
2012	\$23,672	2.7%	0.1%

Distribution of Receipts The Multimodal Transportation Account receives these taxes.

Levied by State

Administration Department of Revenue

Rental Car Tax

History	2000	Repealed the motor vehicle excise tax and directed the receipts from the rental car tax to the newly created Multimodal Transportation Account.
	1992	Adopted the rental car tax at a rate of 5.9% effective January 1, 1993.

Replacement Vehicle Tire Fee

RCW 70A.205.405

Tax Base The retail sales of each new replacement vehicle tire.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate \$1.00 per tire

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

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$3,713	-1.3%	0.02%
2014	\$3,763	2.4%	0.02%
2013	\$3,674	1.0%	0.02%
2012	\$3,638	-4.5%	0.02%

Distribution of Receipts

The Waste Tire Removal Account receives the fees.

On September 1 of odd-numbered years, any balance of more than \$1 million transfers to the Motor Vehicle Account.

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

For the 2021-2023 biennium, funds may transfer from the Waste Tire Removal Account to the Department of Transportation to address the risks of safety and public health associated with homeless encampments on Department of Transportation owned rights-of-way.

Replacement Vehicle Tire Fee

Levied by State

Administration Department of Revenue

The buyer pays the fee to the seller. The seller collects the tax and reports the number of new tires sold to the department. The seller may retain up to 10% of the fees collected.

History

2022 Enacted allowing transfers from the Waste Tire Removal Account to the Department of Transportation, during the 2021-2023 fiscal biennium, to address the risk to safety and public health associated with homeless encampments on Department of Transportation owned rights-of-way.

2017 Enacted the transfer of balances of more than \$1 million in the Waste Tire Removal Account to the Motor Vehicle Account on September 1 of odd-numbered years.

2009 Repealed the June 30, 2010, sunset date.

2005 For a second time, the legislature adopted a \$1.00 per tire fee to sunset on June 30, 2010.

1994 Expired the tire fee on September 30.

1989 Changed the fee to \$1.00 per tire.

1985 Adopted the replacement tire fee at a rate of 0.12% of gross receipts from the sale of replacement vehicle tires.

Retail Sales Tax

RCW Chapter 82.08

Tax Base The price when selling 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 included in definition of retail sale.

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate 6.5%

An additional 0.3% state tax applies to sale or lease of new motor vehicles and the sale used motor vehicles.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$12,525,688	10.3%	46.2%
2020	\$11,357,457	1.7%	47.3%
2019	\$11,170,430	8.5%	48.7%
2018	\$10,291,675	8.2%	48.8%
2017	\$9,514,975	6.0%	49.5%
2016	\$8,979,623	8.8%	49.6%
2015	\$8,255,132	6.9%	48.9%
2014	\$7,720,827	7.1%	48.2%
2013	\$7,208,288	6.7%	47.0%
2012	\$6,755,380	1.5%	46.8%

Retail Sales Tax

Distribution of Receipts The General Fund receives these taxes, except as follows:

- The Multimodal Transportation Account receives the 0.3% additional tax on motor vehicle sales or leases.
- The Advanced Environmental Mitigation Account receives the tax from sales of leaded 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.

Levied by State

For information about local sales taxes, refer to the [Local Tax Reference Guide](#) or the [Association of Washington Cities \(AWC\)](#).

Administration Department of Revenue

A buyer pays the tax to the seller. The seller pays the tax to the Department of Revenue.

History

2022 Expanded and extended the rural data center sales and use tax exemption. Also created an exemption for certain urban data centers. The rural data center exemption expires July 1, 2048, and the urban data center exemption expires July 1, 2038.

2022 Created a sales and use tax deferral program for eligible investment projects in clean technology manufacturing, clean alternative fuels production, and renewable energy storage. This program will expire January 1, 2033.

2022 Created a sales and use tax deferral for qualified construction projects to improve the Interstate 405/State Route 167 corridor.

2022 Extended the State Route 520 Bridge Replacement and High-Occupancy Vehicle project sales and use tax deferral to 24 years after project completion.

2022 Created a sales and use tax deferral for the construction of solar canopies placed on large-scale commercial parking lots and other similar areas.

Retail Sales Tax

- 2022 Created a sales and use tax deferral for the construction of manufacturing and research development facilities and/or the acquisition of eligible machinery and equipment in counties with a population of less than 650,000.
- 2022 Expanded the retail sales and use tax exemption for renewable hydrogen production to include green electrolytic hydrogen production.)
- 2021 Exempted qualifying grants from sales and use tax. “Qualifying grant” means government-funded financial assistance given to address the impact of conditions giving rise to a national emergency, including the COVID-19 pandemic. Also amended the definition of “retail sale” to clarify that the tax applies to purchases of tangible personal property and certain services made using qualifying grant. These changes were effective retroactively to February 29, 2020.
- 2021 Created a hydrogen fuel cell powered vehicle sales and use tax exemption program.
- 2021 Exempted qualifying salmon recovery grants from the tax.
- 2021 Expanded the farmworker sales and use tax exemption set to expire January 1, 2032.
- 2020 Excluded “Land development and management” services from the tax as “services rendered in respect to” construction activities if a person not responsible for the construction activities provides these services.
- 2020 Expanded the retail sales and use tax exemption for new battery-powered electric marine propulsion systems and extended the expiration date to July 1, 2030.
- 2020 Created a sales and use tax exemption on the purchase or use of feminine hygiene products.
- 2020 Extended the sales and use tax exemption for large private airplanes purchased or used by nonresidents, and the charges for services to repair, clean, alter, or improve such airplanes to July 1, 2031.
- 2019 Created a 50% sales and use tax exemption for solar energy systems with power output ratings over 100 kW AC and under 500 kW AC on equipment installed from January 1, 2020, through January 1, 2030.

Retail Sales Tax

- 2019 Created a sales and use tax exemption for solar energy systems with power output ratings of no more than 100 kilowatts (kW) AC of electricity on equipment installed from July 1, 2019, through January 1, 2030.
- 2019 Expanded the sales and use tax exemption for personal property sold between two political subdivisions to include personal property transferred during the merger of two political subdivisions. Also exempted, personal property owned by one political subdivision and shared with another political subdivision as part of a contractual consolidation from the tax, if the party that originally paid the sales and use tax continues to benefit from the use of the property.
- 2019 Amended and extended the retail sales and use tax exemption on purchases of machinery and equipment (M&E) and associated installation labor for M&E used at facility capable of generating at least 1,000 watts AC of electricity from certain renewable sources.
- 2019 Created a sales and use tax exemption for the sale or use of new battery-powered electric marine propulsion systems. The prior exemption expired July 1, 2015.
- 2019 Addressed conflicts between current sales tax laws and a U.S. Supreme Court decision (*South Dakota v. Wayfair, Inc.*) Businesses with over \$100,000 in sales must collect sales tax. Businesses facilitating sales must collect sales tax for their sellers.
- 2019 Removed the requirement for registered tow truck operators to collect sales tax on sales of abandoned vehicles when sold at a public auction, or to a licensed vehicle wrecker, hulk hauler, or scrap processor.
- 2019 Changed the existing nonresident sales tax exemption to a refund program.
- 2019 Modified the sales and use tax exemption on sales of standard financial information to qualifying international investment management companies to only apply to persons qualifying for the preferential business and occupation tax rate and their affiliates also extended the exemption to July 1, 2031.

Retail Sales Tax

- 2019 Expanded the electric vehicle battery and infrastructure sales and use tax exemption to include fuel cells for electric vehicles and buses, hydrogen fueling stations, and renewable hydrogen production facilities. Extended the exemption to July 1, 2025.
- 2019 Created a sales and use tax exemption for the sale or lease of new and used clean alternative fuel passenger vehicles.
- 2019 Created a sales and use tax deferral for the redevelopment of a multipurpose sports and entertainment facility owned by King County and used to attract professional ice hockey and basketball league franchises. Repaying the deferred taxes occurred no later than June 30, 2023.

For sales tax history prior to 2019, see the [History of Major Washington Taxes](#).

Solid Waste Collection Tax

RCW Chapter 82.18

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 wastes or materials collected primarily for recycling or salvage.

Tax exemptions may reduce these taxes.

For more information, refer to the [Tax Exemption Study](#).

Tax Rate 3.6%

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$56,757	5%	0.2%
2020	\$54,253	8%	0.2%
2019	\$50,007	3%	0.2%
2018	\$48,506	7%	0.2%
2017	\$45,239	5%	0.2%
2016	\$42,912	7%	0.2%
2015	\$40,047	7%	0.2%
2014	\$37,352	5%	0.2%
2013	\$35,530	4%	0.2%
2012	\$34,281	2%	0.2%

Distribution of Receipts The Education Legacy Trust Account receives these taxes until June 30, 2023. Beginning July 1, 2023, the Public Works Assistance Account receives them.

Levied by State

Administration Department of Revenue

The service provider collects the tax from consumers and reports and remits the tax.

Solid Waste Collection Tax

History	2017	Extended the Education Legacy Trust Account receiving all receipts 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 receives all receipts from the tax.
	2012	Changed the accounts receiving these taxes from July 1, 2011, through June 30, 2015, the General Fund received all tax receipts. From July 1, 2015, through June 30, 2018, the General Fund received 50% of the receipts and the Public Works Assistance Account received the remainder.
	1995	Expired the 1% companion solid waste collection tax on June 30, 1995.
	1989	The name of the tax changed from "refuse" to "solid waste" collection tax. Levied a companion tax of 1% on customers of solid waste collection businesses.
	1986	Enacted a refuse collection tax paid by consumers using refuse collection services. Previously, public utility tax applied to refuse collection.

Spirits Liter Tax

RCW 82.08.150

Tax Base Spirits sold in the original packaging, measured per liter.

The term “spirits” means any beverage containing alcohol obtained by distillation, including wines with more than 24% alcohol by volume but excluding flavored malt beverages.

Retail sales tax does not apply to purchases of spirits by consumers.

Tax exemptions may reduce these taxes.

For more information, refer to the [Tax Exemption Study](#).

Tax Rate \$3.7708 per liter for consumers
\$2.4408 per liter for on-premises retailers (restaurant, bars, etc.)

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$142,137	1.9%	0.8%
2014	\$139,549	0.7%	0.8%
2013	\$138,635	4.0%	0.8%
2012	\$133,250	6.4%	0.8%

Distribution of Receipts The General Fund receives all receipts from this tax.

Levied by State

Spirits Liter Tax

Administration Department of Revenue

The buyer pays the tax to the seller. The seller reports and pays the tax to the Department of Revenue.

Distributors and retailers must obtain a license to sell spirits from the Liquor and Cannabis Board.

The Liquor and Cannabis Board conducts enforcement activities.

History

2021 Exempted sales of “mini-bottles” from the spirits liter tax. The exemption expired July 1, 2023.

2011 Voters passed Initiative 1183 privatizing the sale of liquor. Before this initiative passed, only the Liquor Control Board supplied spirits and sold spirits at a bottle price that included the spirits tax. The initiative made the Department of Revenue responsible for collecting the spirits liter tax.

2009 Directed receipts from the 7 cents per liter tax, the 41 cents per liter tax, and the \$1.33 per liter tax to the General Fund.

2005 Added an additional 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 Enacted an additional tax of 20 cents per liter and deposited the receipts in the Health Services Account to fund public healthcare services. Scheduled the additional tax to increase to 30 cents on July 1, 1995, and to 41 cents on July 1, 1997.

1989 Enacted 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 The tax rate increased to \$1.9608 per liter with the addition of a 14 percent surtax.

1981 Changed the basis of the tax from ounces to liters and set the tax rate to \$1.72 per liter.

Spirits Liter Tax

- 1971 The tax rate increased to 4 cents per ounce.
 - 1965 The tax rate increased to 2 cents per ounce.
 - 1961 Established the liquor liter tax at 1.1 cents per ounce.
-

Spirits Sales Tax

RCW 82.08.150

Tax Base The selling price of spirits in the original packaging.

The term “spirits” means any beverage containing alcohol obtained by distillation, including wines with more than 24% alcohol by volume but excluding flavored malt beverages.

Retail sales tax does not apply to purchases of spirits by consumers.

Tax exemptions may reduce these taxes.

For more information, refer to the [Tax Exemption Study](#).

Tax Rate 20.5% for consumers
13.7% for on-premises retailers (restaurants, bars, etc.)

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$132,646	3.8%	0.7%
2014	\$127,826	1.0%	0.7%
2013	\$126,539	16.7%	0.7%
2012	\$108,465	6.2%	0.7%

Distribution of Receipts The following funds receive a portion of these taxes:

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

Levied by State

Spirits Sales Tax

Administration Department of Revenue

The buyer pays the tax to the seller. The seller reports and pays the tax to the Department of Revenue.

Distributors and retailers must obtain a license to sell spirits from the Liquor and Cannabis Board.

Enforcement activities related to the spirits sales tax are performed by the Liquor and Cannabis Board.

History

2021 Exempted sales of “mini-bottles” from the spirits liter tax. The exemption expired July 1, 2023.

2011 Voters passed initiative 1183, privatizing the sale of liquor. Before this initiative passed, only the Liquor Control Board supplied spirits and sold spirits at a bottle price that included the spirits tax. 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 Enacted 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% to 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 The tax rate increased to 15% for sales to consumers.

1951 Adopted 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%.

Spirits Sales Tax

1939 Extended the retail sales tax to sales by the Liquor Control Board.

1935 Adopted the liquor sales tax.

Studded Tire Fee

RCW 46.37.427

Tax Base Retail sales of new studded vehicle tires, excluding bicycle tires and retreaded vehicle tires. This fee is in addition to all other fees imposed on retail tire sales.

Tax exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

Tax Rate \$5.00 per studded tire

Vendors retain 10% of the fee receipts to cover the cost of collection.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$255	-16.9%	0.001%
2020	\$307	-13.5%	0.001%
2019	\$355	-13.1%	0.001%
2018	\$408	-16.8%	0.002%
2017	\$491	-	0.002%
2016	-	-	-
2015	-	-	-

Distribution of Receipts The Motor Vehicle Fund receives all the receipts from this fee.

Levied by State

Administration Department of Revenue

Vendors report the number of studded tires sold and fees collected, less 10%, on the combined excise tax return. The fee receipts are trust funds of the state.

History 2015 Established the studded tire fee effective July 1, 2016.

Soft Drinks Syrup Tax

RCW Chapter 82.64

Tax Base The wholesale or retail value of syrup used in making carbonated beverages.

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

Tax exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

Tax Rate \$1.00 per gallon

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$11,090	66%	0.04%
2020	\$6,697	-12%	0.02%
2019	\$7,579	-49%	0.03%
2018	\$14,915	109%	0.06%
2017	\$7,122	-18%	0.03%
2016	\$8,650	26%	0.04%
2015	\$6,847	-10%	0.04%
2014	\$7,636	-11%	0.04%
2013	\$8,575	200%	0.05%
2012	\$2,855	-82%	0.02%

Distribution of Receipts The General Fund receives all receipts from this tax.

Levied by State

Administration Department of Revenue

Wholesalers collect the syrup tax when they sell the syrup. Retailers pay the tax directly to the Department if they did not pay the tax on a wholesale purchase.

Soft Drinks Syrup Tax

History	2009	Removed the transfer of Syrup tax receipts to the Violence Reduction and Drug Enforcement Account. Directed receipts to the General Fund.
	1994	Voters approved Referendum 43 extending the syrup tax by eliminating the 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 level, while exempting subsequent sales of previously taxed products.
	1989	The first carbonated beverage and syrup tax became effective July 1, 1989. The original tax applied to canned and bottled carbonated beverages at a rate of 0.084 cents per ounce as well as a \$0.75 tax per gallon of syrup used to produce carbonated beverages. The tax expired after six years.

Telephone Taxes

RCW 82.14B.030 and 82.86.020

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

Tax exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

Tax Rate 911 excise tax:

- State rate is 25 cents per month per radio access line, VoIP line, switched access line, or per retail transaction of prepaid wireless services.
- County rate is 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 is 40 cents per month per radio access line, VoIP line, switched access line, or per retail transaction for prepaid wireless services, effective January 1, 2023.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$25,158	-6.1%	0.1%
2014	\$26,774	-21.0%	0.2%
2013	\$33,906	6.4%	0.2%
2012	\$31,874	-0.3%	0.2%

Telephone Taxes

Distribution of Receipts	<p>The State 911 Account receives the state 911 excise tax.</p> <p>The County 911 Excise Tax Account receives the county 911 excise tax</p> <p>Proceeds from these state and county taxes finance the 911 emergency communications system.</p> <p>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 hub(s), and for personnel providing crisis services.</p>
Levied by	State and counties
Administration	<p>Department of Revenue</p> <p>Telephone companies and retailers of prepaid wireless services collect and remit both the state and county taxes to the Department.</p>
History	<p>2022 Mandated that the State 911 Account receive from the 911 excise taxes and used these funds to manage the statewide 911 network and to assist and the Washington State Patrol and counties in providing a baseline level of service for 911 operations.</p> <p>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 for each access line. Beginning January 1, 2023, the tax rate increased to 40 cents.</p> <p>2014 Beginning January 1, 2014, shifted prepaid wireless E911 tax collection from individual telecommunication providers to retailers selling prepaid wireless services. Also allowed these retailers to charge an additional five cents per transaction as compensation for collecting the E911 taxes, through June 30, 2018.</p> <p>2013 Eliminated the telephone assistance tax (WTAP) and telephone relay service tax (TRS) and replaced them with biennial general fund appropriations.</p>

Telephone Taxes

- 2011 Made the Department of Revenue responsible for 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 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 E911 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.
- 1987 Established the TRS tax to fund telephone services for persons 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.
-

Timber Excise Tax

RCW Chapter 84.33

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

- Small harvesters may elect to report the actual gross receipts received from the sales of the timber.
- The stumpage value for timber harvested on public land is the amount paid for the timber.

Tax exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

Timber excise tax is in addition to the business and occupation tax.

Tax Rate 5% including the:

- 1% state rate.
- 4% county rate.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$(281)	-67%	0.00%
2020	\$(840)	-137%	0.00%
2019	2,299	43%	0.01%
2018	\$1,610	-10%	0.01%
2017	\$1,786	-33%	0.01%
2016	\$2,669	23%	0.01%
2015	\$2,166	-21%	0.01%
2014	\$2,742	-3%	0.02%
2013	\$2,821	-19%	0.02%
2012	\$3,492	-13%	0.02%

Distribution of Receipts The Timber Tax Distribution Account receives all taxes and distributed them as follows:

- 20% to the General Fund.
- 80% to the county of the harvested timber.

County treasurers distribute funds to:

1. Taxing districts for capital projects.

Timber Excise Tax

2. School districts.
 3. Taxing districts in proportion to the timber assessed value of each district.
-

Levied by State and counties

Administration Department of Revenue

A harvester with an active permit must report and pay these taxes quarterly until a harvest is complete.

- History**
- 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 acres to 5 acres. New provisions required devotion of forest land parcels to primarily growing and harvesting timber. The parcels cannot include any residence, building improvements, or land used for a homesite.
 - 2010 The Pollution Control Hearing Board began reviewing applications for the timber harvest tax credit for Enhanced Aquatic Resource Requirements. Previously, the Forest Practices Appeals Board reviewed applications. Also, added reporting requirements timber purchases and made privately purchased timber reports confidential. Extended the expiration date for the reporting requirements for timber purchase 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 who cut less than 5 million board feet of timber annually from federally designated impact counties to base their excise tax on sales receipts, less expenses, rather than using the Department's stumpage value tables.
 - 2007 Authorized the Governor to enter into an agreement with the Quinault Indian Nation relating to the imposition of a tribal timber excise tax. Required the tribal timber harvest excise tax rate to equal to the state timber tax rate.

Timber Excise Tax

- 2004 Instituted a ten-year phase-down of the state tax on timber harvested on public lands and a corresponding transfer of this tax to counties. The change did not impact the amount of tax paid by harvesters but required the state and county tax rates be the same by 2014. Also exempted all standing timber from property tax.
 - 1999 Established a new program to protect salmon habitats and added a timber excise tax credit for harvesters impacted by the enhanced aquatic resource requirements as determined by the Department of Natural Resources.
 - 1984 Adopted a phase-down of the 6.5% tax. Beginning July 1, 1985, reduced the rate to 5%, of which 4% goes to the county of the harvested timber.
 - 1982 Extended the forest tax to timber harvested on state and federally owned lands with receipts from public lands going to the General Fund and receipts from private lands going to local governments.
 - 1981 Established forest land values and adjusted the forest values annually based on the change in harvest value over the prior five years.
 - 1971 Enacted the forest tax and replaced the property tax on timber grown on privately owned lands. The tax phased in over a period of three years, with the final rate of 6.5% effective by 1975. The value of bare forest lands and parcels of at least 20 acres continued to be subject to property taxes.
 - 1931 Enacted the Reforestation Act was providing an alternative to property tax on harvested lands or lands producing less than their potential.
-

Tobacco Products Tax

RCW Chapter 82.26

Tax Base The sale, handling, or distribution of tobacco products. The tax applies to the first taxable activity occurring in Washington. and is a percentage of the selling price, by item, or by weight.

Tobacco products subject to the tax:

- Cigars.
- Pipe tobacco.
- Chewing tobacco.
- All other forms of tobacco, except for cigarettes.

This tax is in addition to the state and local retail sales, use, business and occupation, and litter taxes that may apply.

Tax exemptions may reduce these taxes.

For more information, refer to the [Tax Exemption Study](#).

Tax Rate Tobacco products tax rates:

Tobacco Product	Tax Rate
Moist snuff, for cans with net weight of 1.2 ounces or less	\$2.526 per can
Moist snuff, for cans with net weight greater than 1.2 ounces	\$2.105 per ounce
Cigars (except little cigars)	95% of 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 tobacco products	95% of taxable sales price

Tobacco Products Tax

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
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%
2015	\$46,517	0.1%	0.2%
2014	\$46,469	7.2%	0.3%
2013	\$43,337	-6.9%	0.3%
2012	\$46,569	0.4%	0.3%

Distribution of Receipts

The General Fund receives all the taxes.

Levied by

State

Administration

Department of Revenue

Distributors and retailers of tobacco products must obtain a license, which includes a criminal background check.

The tax is reported and paid on the excise tax return.

History

- 2019 Reduced the 95% tax rate on other tobacco products by:
- 50% for products issued a modified risk tobacco product order by the secretary of the U.S. Department of Health and Human Services stating the products may be commercially marketed.
 - 25% for products issued a modified risk tobacco product order by the secretary of the U.S. Department of Health and Human Services stating the products 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 receive all the taxes and ended 27 years of other accounts receiving funds.

Tobacco Products Tax

- 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 wholesale value. Dedicated the additional revenues to health services.
 - 1993 Added an additional 10% tax to fund healthcare.
 - 1986 Added an additional 16.75% tax to fund water quality.
 - 1982 Added surtaxes of 4% and 3%.
 - 1971 The tax rate increased to 45%.
 - 1965 The tax rate increased to 30%.
 - 1959 Established the tobacco tax at a rate of 25% of wholesale value and directed the taxes to the General Fund.
-

Unemployment Compensation Tax

RCW Chapters 50.04, 50.12, 50.24, 50.29, 50.44, and 50.50

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

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

The taxable wage base is the maximum amount on which an employer must pay taxes for each employee. For 2022, each employer pays taxes on the first \$62,500 of each employee's wages.

Tax Rate The 2022 rates:

- Employers in the lowest rate class pay 0.23%.
- Employers in the highest rate class pay 6.02%.
- The average rate is 1.30%.

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.

Social-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.

Employment Administration Fund

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

Unemployment Compensation Tax

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 9 months of benefits as of September 30. This surcharge is waived through 2025.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$1,439,722	31.1%	4.8%
2020	\$1,098,144	0.5%	4.1%
2019	\$1,092,759	-1.2%	4.2%
2018	\$1,105,718	-3.2%	4.6%
2017	\$1,142,333	-11.3%	5.2%
2016	\$1,288,107	-3.5%	6.3%
2015	\$1,335,081	-13.4%	7.1%
2014	\$1,542,109	18.2%	8.7%
2013	\$1,304,462	-10.0%	7.7%
2012	\$1,448,731	-3.5%	9.0%

Source: Washington State Employment Security Department

Distribution of Receipts

The Unemployment Insurance Trust Fund and the Administrative Contingency Fund receive these taxes. 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.

Levied by

State

Administration

Employment Security Department

Employers receives a tax rate notice in December of each year.

Employers file a tax-and-wage report quarterly.

Unemployment Compensation Tax

History

- 2022 The maximum social tax decreased from 0.75% to 0.50% in 2022. In 2023, the maximum social tax declined from 0.80% to 0.70%.
- 2021 Capped the social tax rate at varying levels by year and suspended the solvency surcharge for five years.
- 2011 The tax rate declined 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. Added the social-cost factor and the experience-rated factor to the calculation of the premium tax rate.
- 1993 A seventh rate schedule was added.
- 1984 The rate system with six schedules and 20 classifications was adopted.
- 1942 Added the benefit experience factor and the maximum rate became 2.7%.
- 1937 Established the unemployment compensation tax as part of the Social Security Act.
-

Use Tax

RCW Chapter 82.12

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 retail sales tax.

Some examples of when use tax may be due include:

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

Tax exemptions may reduce these taxes.
 For more information, refer to the [Tax Exemption Study](#).

Tax Rate 6.5%

An additional 0.3% state tax applies to sale or lease of new motor vehicles and the sale used motor vehicles.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$847,853	16.4%	3.1%
2020	\$728,483	-4.8%	3.0%
2019	\$765,206	8.9%	3.3%
2018	\$702,756	2.9%	3.3%
2017	\$682,737	6.0%	3.5%
2016	\$643,880	8.6%	3.6%
2015	\$592,857	4.9%	3.5%
2014	\$564,996	7.8%	3.5%
2013	\$524,101	7.8%	3.4%
2012	\$486,305	-9.9%	3.4%

Use Tax

- Distribution of Receipts** The General Fund receives these taxes, except as follows:
- The Multimodal Transportation Account receives the 0.3% additional tax on motor vehicle sales or leases.
 - The Advanced Environmental Mitigation Account receives the tax from sales of leaded 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.
-

Levied by State

For information about local use taxes refer to the [Local Tax Reference Guide](#) or the [Association of Washington Cities \(AWC\)](#).

Administration Department of Revenue

Registered businesses report and pay use tax on the combined excise tax return. Persons not registered with the Department of Revenue report and pay tax on the consumer use tax return.

History 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.

For a comprehensive use tax history, refer to the dor.wa.gov webpage [History of Major Washington Taxes](#).

Vapor Products Tax

RCW Chapter 82.25

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 nicotine, solution, or other consumable substances, regardless of whether it contains nicotine.

This tax is in addition to retail sales, use, business and occupation, and litter taxes that may apply.

Tax exemptions may reduce these taxes.

For more information refer to the [Tax Exemption Study](#).

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

\$0.27 per mL on all other vapor products

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$14,958	165.4%	0.05%
2020	\$5,635	-	0.02%

Distribution of Receipts

The follow accounts receive these taxes:

- 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.
-

Levied by State

Vapor Products Tax

Administration Department of Revenue

Distributors and retailers of vapor products must obtain a license from the Liquor and Cannabis Board including a criminal background check.

Taxpayers report and pay on the combined excise tax return.

History 2019 Established the vapor products tax, effective October 1, 2019.

Watercraft Excise Tax

RCW Chapter 82.49

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

The Department of Revenue prepares a depreciation schedule to be used in the determination of fair market value. The Department of Revenue may appraise boats which were not purchased, or whose purchase price does not represent fair market value.

Tax exemptions may reduce these taxes.

For more information, refer to the [Tax Exemption Study](#).

Tax Rate 0.5%, with a minimum of \$5.00

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$20,403	19.5%	0.1%
2020	\$17,073	6.5%	0.1%
2019	\$16,030	1.7%	0.1%
2018	\$15,769	8.3%	0.1%
2017	\$14,559	5.4%	0.1%
2016	\$13,809	1.2%	0.1%
2015	\$13,649	4.7%	0.1%
2014	\$13,039	4.6%	0.1%
2013	\$12,463	0.4%	0.1%
2012	\$12,418	-8.7%	0.1%

Source: Washington State Department of Licensing

Distribution of Receipts Receipts from this tax are deposited as follows:

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

Levied by State

Watercraft Excise Tax

Administration Department of Licensing

Watercraft owners pay the tax to the Department of Licensing and its agents, including county auditors and authorized private firms, when first registering the vessel and then each June 30.

The Department of Revenue collects unpaid taxes.

History

2022 Redirect 25% of the taxes to the Derelict Vessel Removal Account to provide funding for the removal of abandoned or derelict vessels from waterways.

2021 The Department of Revenue codified an administrative rule providing guidance and an overview of the watercraft excise tax and the watercraft depreciation schedule. The rule became effective January 1, 2022.

2014 Instituted new penalties for unregistered vessels.

1983 Adopted the watercraft excise tax. Prior to this, watercraft owner paid personal property tax.

Wine Tax

RCW 66.24.210

Tax Base Each liter of wine sold to distributors, retailers, and consumers by a winery.

This tax is in addition to business and occupation, and the retail sales tax or use tax.

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

- A \$0.2025 base rate.
- \$0.027 in additional taxes.

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

- A \$0.2025 base rate.
- \$0.2511 in additional taxes.

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

- A \$0.0359 base rate.
 - \$0.0455 in additional taxes.
-

**Recent
Collections
(\$000)**

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$27,311	3.2%	0.1%
2020	\$26,461	4.0%	0.1%
2019	\$25,443	0.8%	0.1%
2018	\$25,244	-1.0%	0.1%
2017	\$25,487	1.9%	0.1%
2016	\$25,012	4.2%	0.1%
2015	\$24,000	-0.3%	0.1%
2014	\$24,071	0.6%	0.2%
2013	\$23,925	2.0%	0.2%
2012	\$23,450	3.2%	0.2%

Source: Washington State Liquor & Cannabis Board

Wine Tax

Distribution of Receipts	<p>The Liquor Revolving Fund receives the taxes from the base rates.</p> <p>Of the additional taxes:</p> <ul style="list-style-type: none">• The Washington Wine Commission receives 0.0025 cents of the additional wine and 0.0005 cents of the additional cider taxes.• The General Fund receives the remainder. <p>Every quarter, Washington State University receives \$0.25 per liter for wine and wine grape research.</p> <hr/>
Levied by	State
Administration	<p>Liquor and Cannabis Board</p> <p>Distributors and retailers report and pay tax on wine purchased for resale. Out of state wineries report wine sold and shipped to Washington consumers.</p> <p>Taxpayers report and pay monthly, except for wineries selling 6,000 gallons of wine or less per year, who may report annually.</p> <hr/>
History	<p>2016 The definition of cider changed to table wine that contains not less than 0.5% and not more than 8.5% alcohol by volume.</p> <p>2009 Discontinued the portion of the wine tax earmarked for the Violence Reduction and Drug Enforcement Account and the Health Services Account.</p> <p>2006 Authorized shipments of wine from wineries directly to retailers or consumers.</p> <p>1996 Established separate tax rates for cider.</p> <p>1994 Made permanent the additional rates established in 1989.</p> <p>1993 Made permanent the additional tax of 0.25 cent.</p> <p>1989 Adopted additional liter taxes of 1 cent for wine and 23.44 cents for fortified wine and scheduled them to expire in 1995.</p> <p>1987 Adopted an additional liter tax of 0.25 cents.</p>

Wine Tax

- 1982 Added a surtax of 7% of the basic rate with the General Fund receiving the surtax.
- 1981 Converted the tax to the metric basis and established a basic rate of 20.25 cents per liter.
- 1973 Repealed the 26% tax and increase the gallon tax to 75 cents.
- 1969 Authorized direct imports of wine from other states and removed wine from the 10% and 15% liquor sales taxes instead subjecting it to a 26% excise tax.
- 1935 Established the wine tax at rate of 10 cents per gallon and subjected it to a 10% liquor sales tax.
-

Wood Stove or Solid Fuel Burning Device Fee

RCW 70A.15.3620

Tax Base A per stove fee on sales of wood stoves and solid fuel burning devices.

Tax Rate \$30 per stove or device

The fee may be increased annually for inflation as determined by the Economic and Revenue Forecast Council.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$264	19.8%	0.001%
2020	\$220	9.4%	0.001%
2019	\$201	0.2%	0.001%
2018	\$201	-8.6%	0.001%
2017	\$220	0.5%	0.001%
2016	\$219	6.7%	0.001%
2015	\$205	-6.7%	0.001%
2014	\$220	5.7%	0.001%
2013	\$208	-6.3%	0.001%
2012	\$222	-13.9%	0.001%

Distribution of Receipts The Wood Stove Education and Enforcement Account receives funds from this fee.

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

Levied by State

Administration Department of Revenue

Sellers of wood stoves report the fee on the combined excise tax return.

Wood Stove or Solid Fuel Burning Device Fee

History	1991	Increased the fee to \$30 and removed the exemption for masonry fireplaces.
	1990	The fee increased to \$15.
	1988	Established the initial wood stove fee at \$5 per stove.
