

# Washington State Economic and Revenue Update

Presented to the  
2025 Local Government Partnership  
Meeting

Dave Reich  
Executive Director

August 5, 2025



**WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL**



# Overview

- The U.S. economic forecast for output is weaker and near-term inflation is higher than in March
- Generally, the U.S. and Washington economies have been transitioning to slower growth (GDP, employment) with recent policy uncertainty compounding the trend
- There is a significant amount of uncertainty in the forecast due to trade and federal/fiscal policy and Middle East conflict
- The forecast of funds subject to the budget outlook is increased by \$4,496 million (3.3%) for 2023-27 period
- The forecast of funds subject to the budget outlook is increased by \$3,590 million (4.7%) for 2027-29 period



# Since the March forecast...

The economic forecast incorporated WA and U.S. employment data through May 2025

## Positives:

- U.S. employment has increased by 508,000 jobs
- Inflation slowed (Seattle CPI up 1.7%, Apr.25)

## Negatives:

- Tariff increases and retaliation
- Israel-Iran conflict
- Recent federal changes in employment and spending
- WA revenue collections growth continues to be slow



# Forecast risks

## Upside

- Tariffs are avoided or lower or just more certain
- Quicker resolution of Middle East, Russia – Ukraine, conflicts leads to lower commodity prices
- Stronger consumer spending, faster interest rate cuts

## Downside

- Trade policy (higher U.S. tariffs and retaliation)
- Israel-Iran conflict not in our forecast, Russia-Ukraine conflicts intensify, impacts energy prices
- Larger federal employment/spending reductions
- Inflation stays higher longer and elevated interest rates slow the economy





# Tariffs are a significant economic driver, and uncertainty is making it harder

Includes 10% tariffs on most countries, 35%/30% tariffs on Canada and Mexico, (25%/25% for EY) 50% steel and aluminum tariffs (25% for EY) and a 30% tariff on Chinese goods and others:

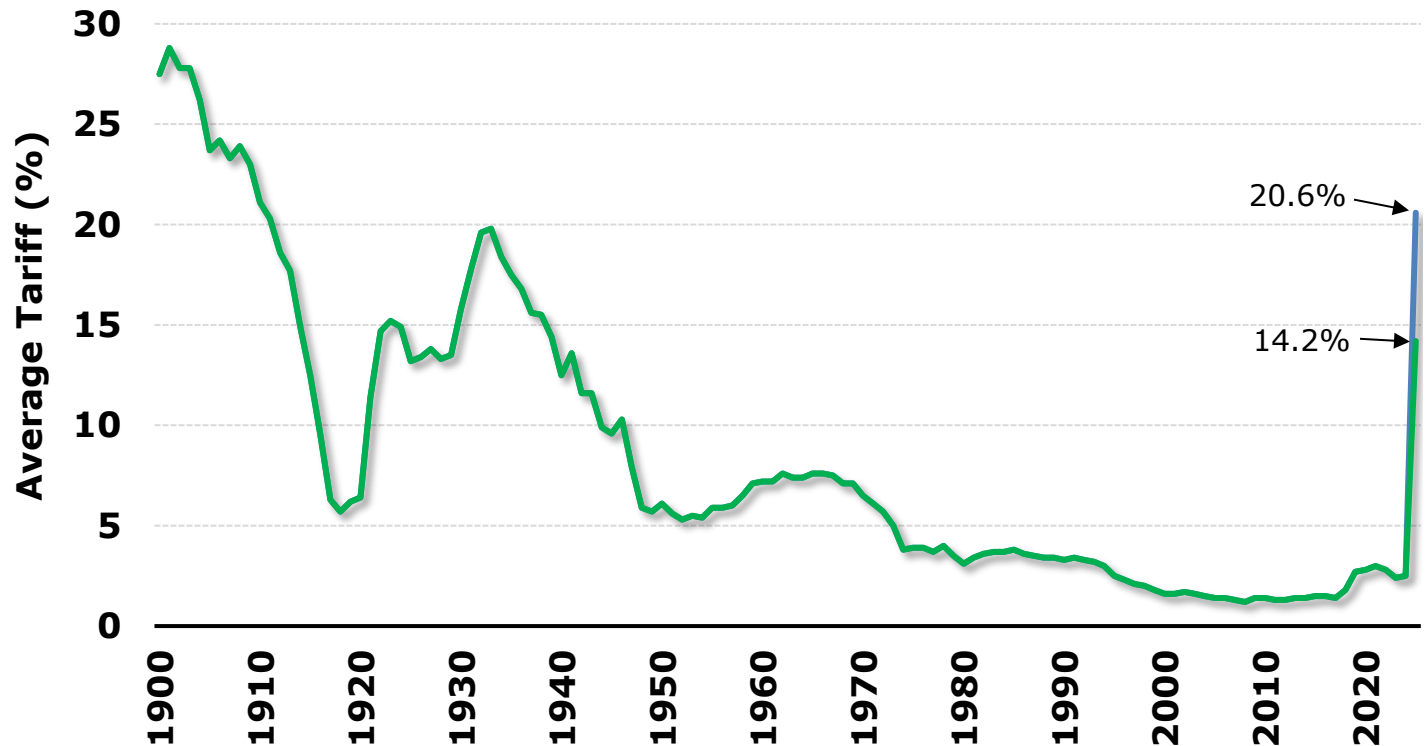
~20.6%  
(Yale budget lab, 7/14/25)

~14.2%  
(EY, 5/29/25)

Revenue Review  
August 5, 2025

Slide 4

**U.S. Average Tariff Rate  
(1900-2024, 2025 estimated)**



Source: Yale budget lab and EY



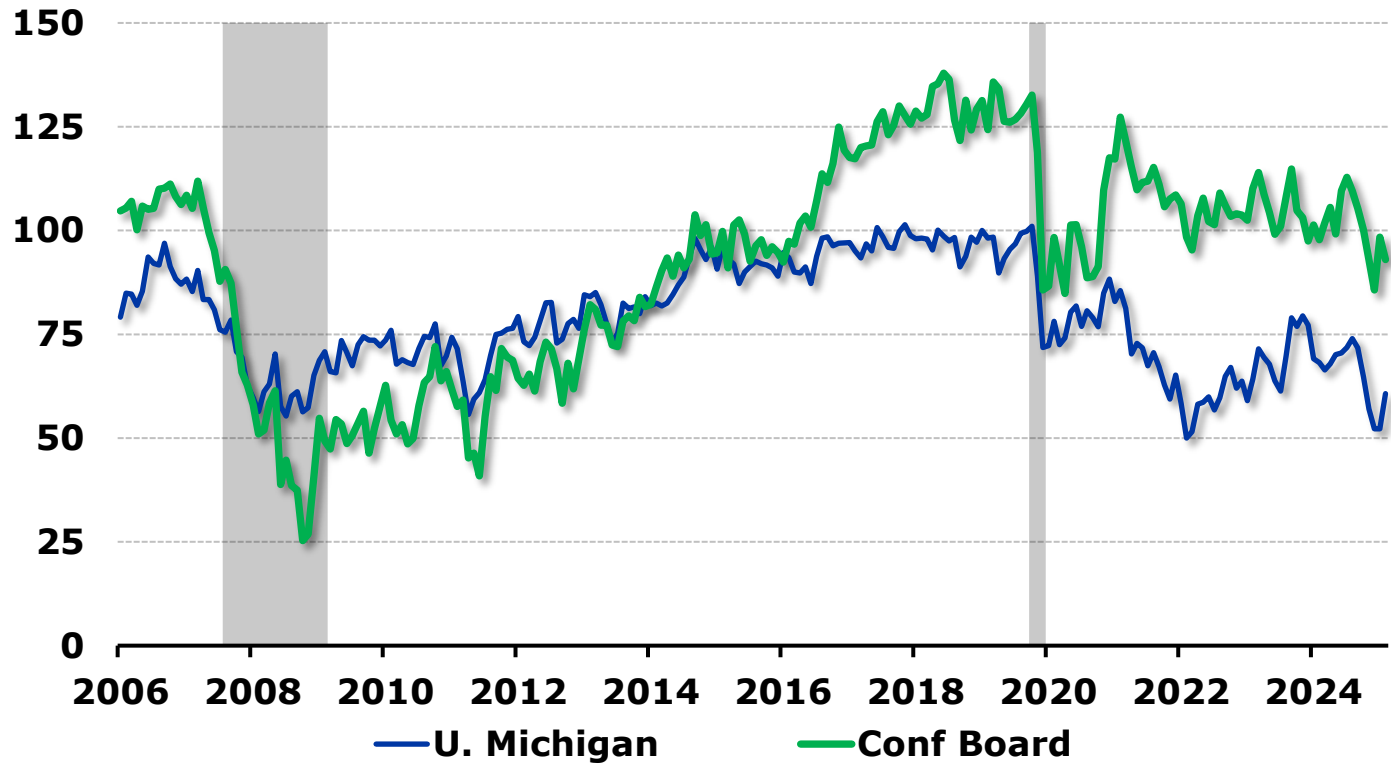
# Consumer sentiment improved near the end of 2024, but has moved with tariff news in 2025

The preliminary July U of M index is 61.8, up 1.1 points from June

## Index

**Mich: 1966Q1 = 100, SA**

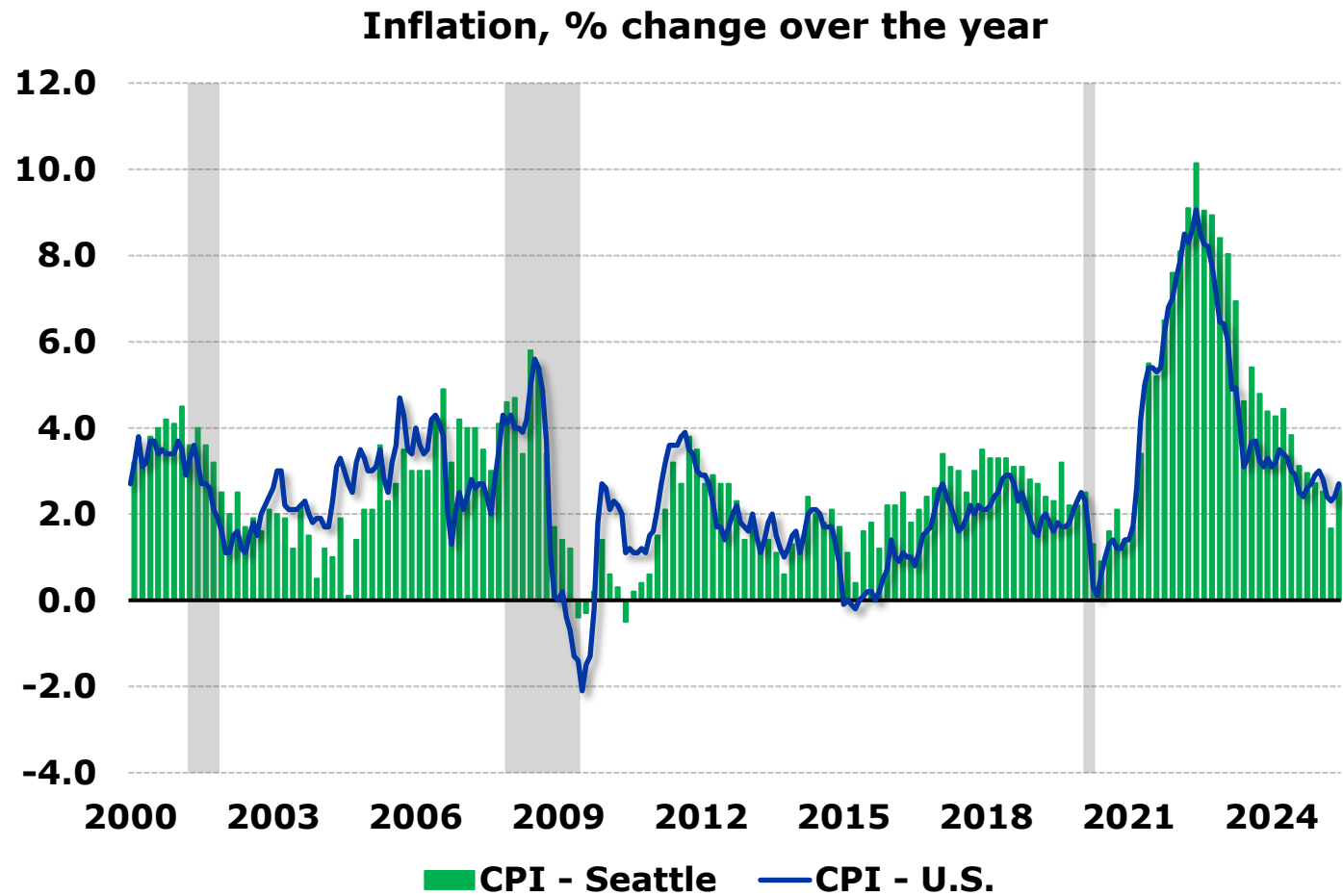
**Conf Board: 1985 = 100, SA**



Sources: Data through June 2025 (CB), June 2025 (UM)

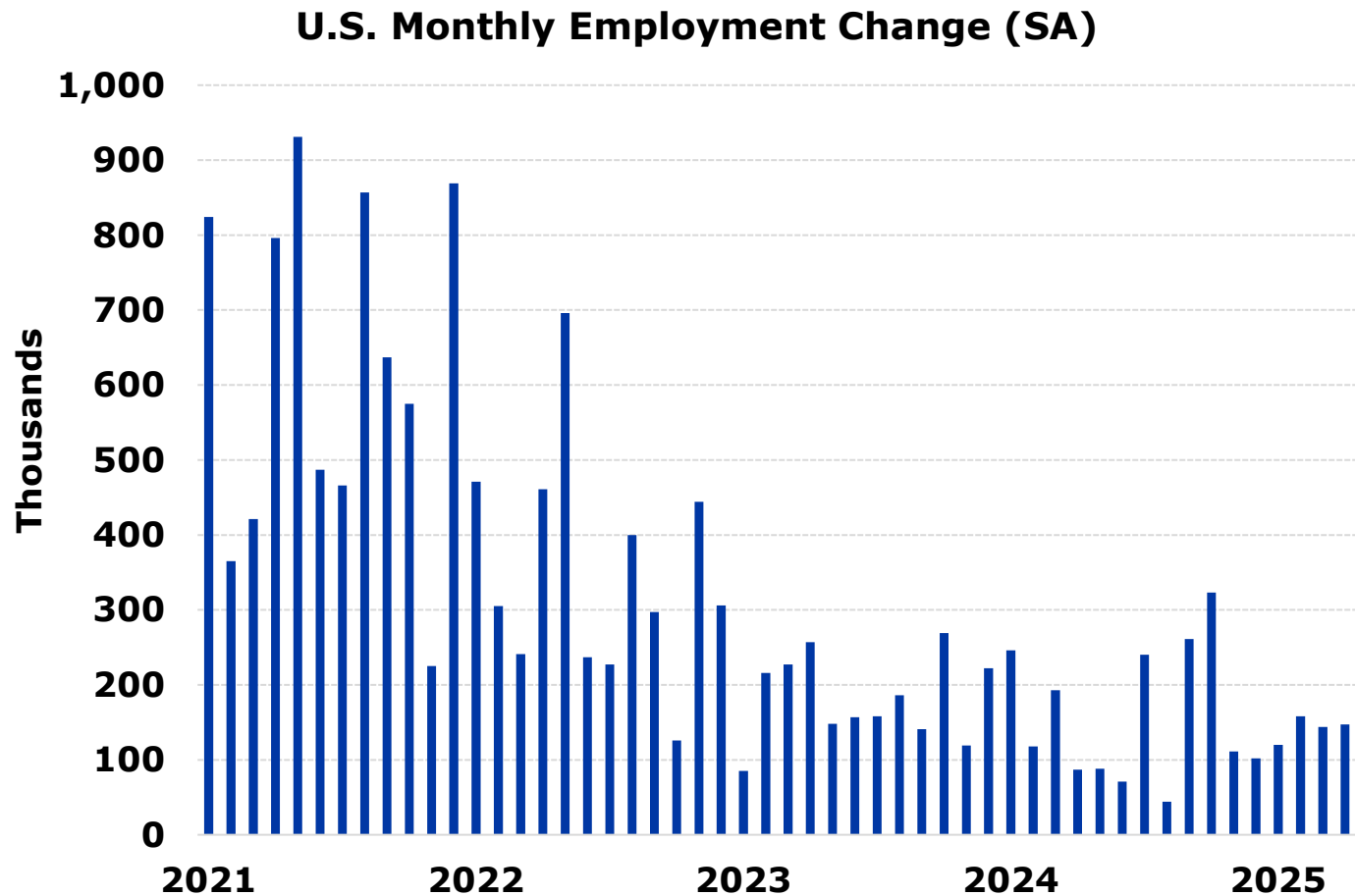


# Inflation has slowed significantly but tariffs will increase prices in the near-term





# U.S. employment growth slowing but holding up; allows Federal Reserve to hold rates until greater clarity

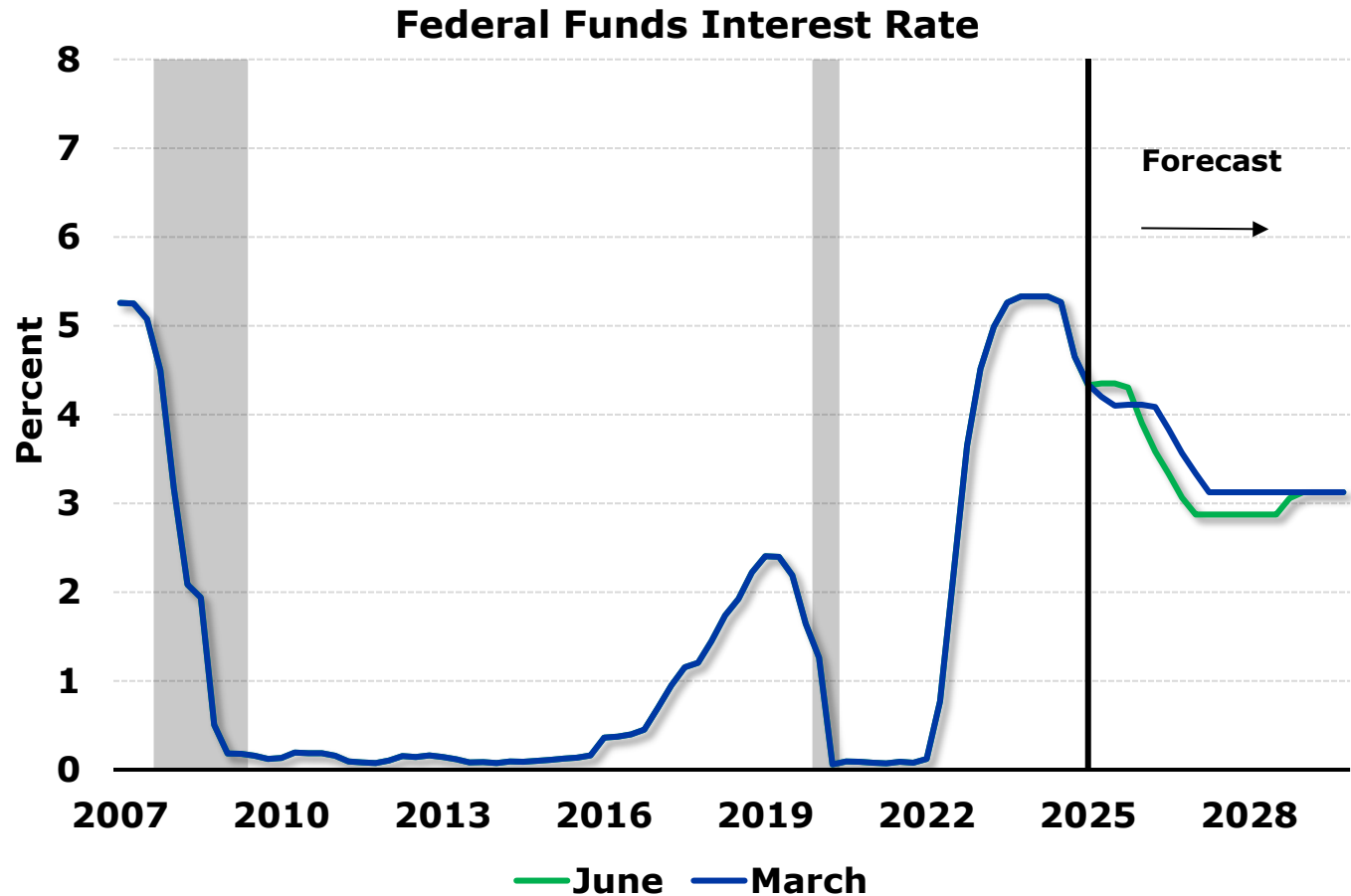


Source: U.S. Bureau of Labor Statistics; data through June 2025



# The Federal Reserve largely on hold until economic changes become clearer

The Federal Reserve reduced interest rates by one percentage point in 2024 and the current rate range is 4.25%-4.5%.

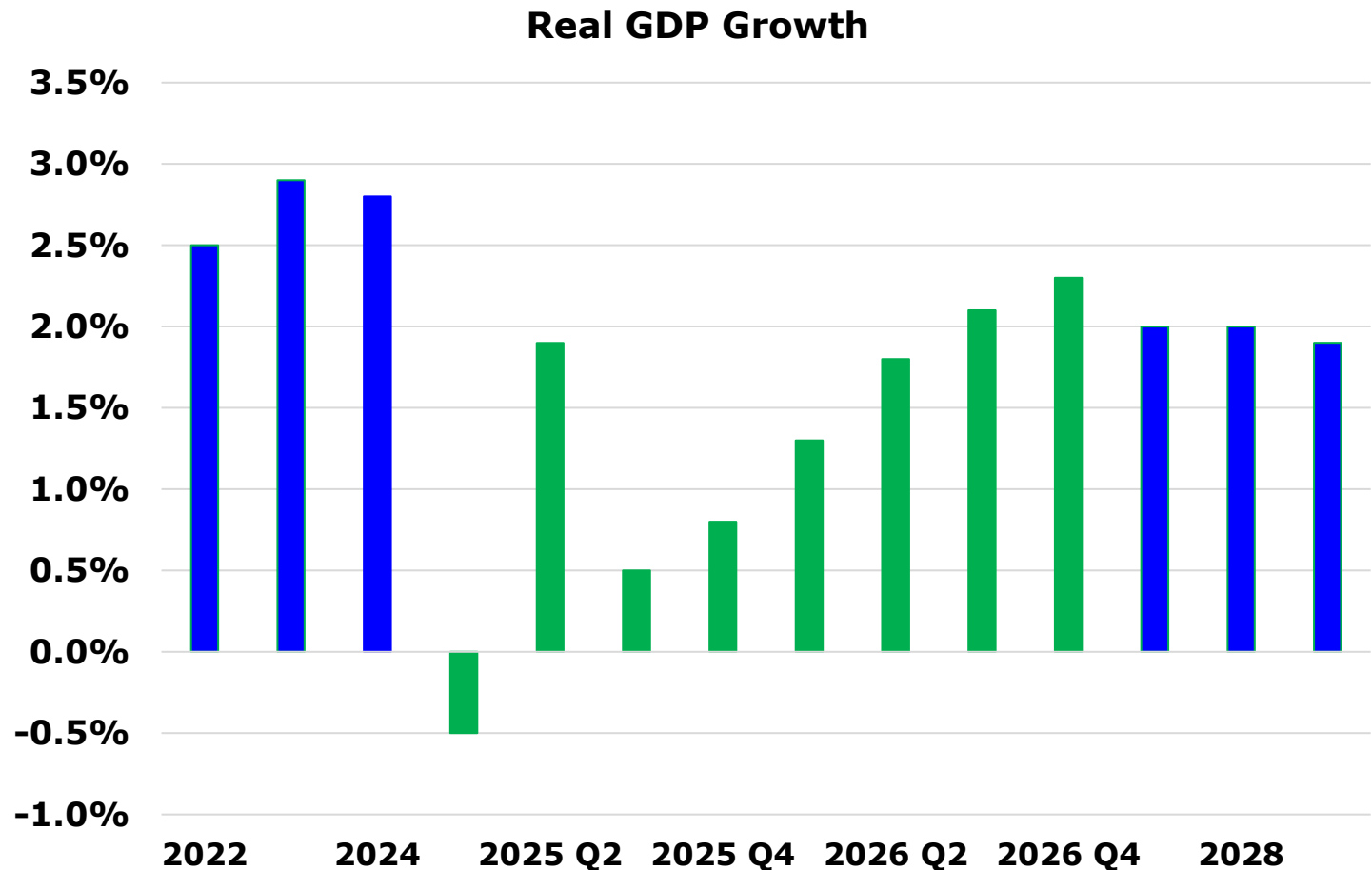






# GDP has slowed significantly, but forecast calls for positive quarterly growth in 2025:2Q and beyond

Growth in the first quarter of 2025 was -0.5% SAAR (3rd estimate)

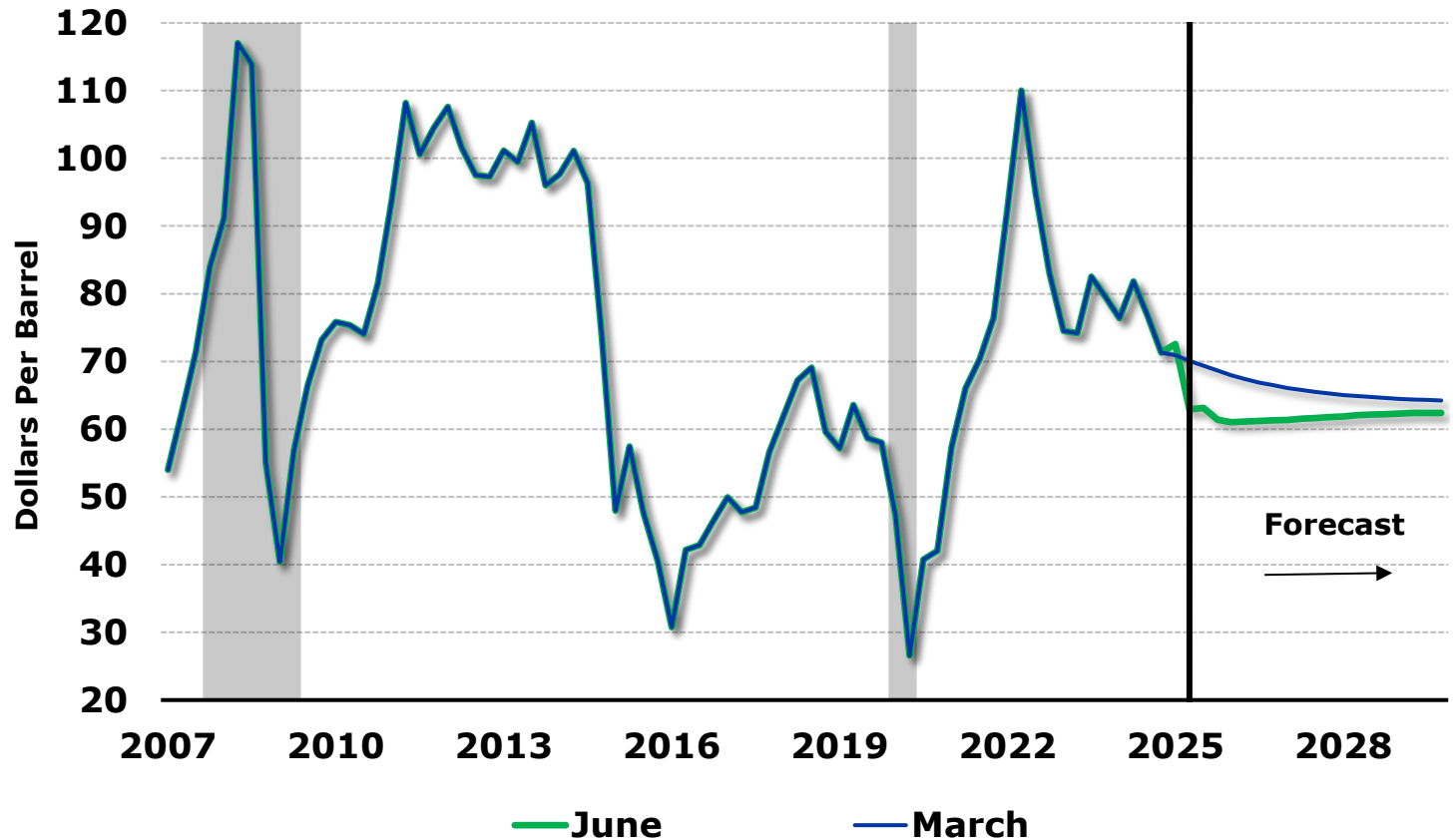




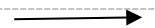
# Oil prices are lower than in the March forecast

Oil prices in the first quarter of 2025 were lower than expected in the March forecast

Recent conflict in the Middle east has pushed prices up



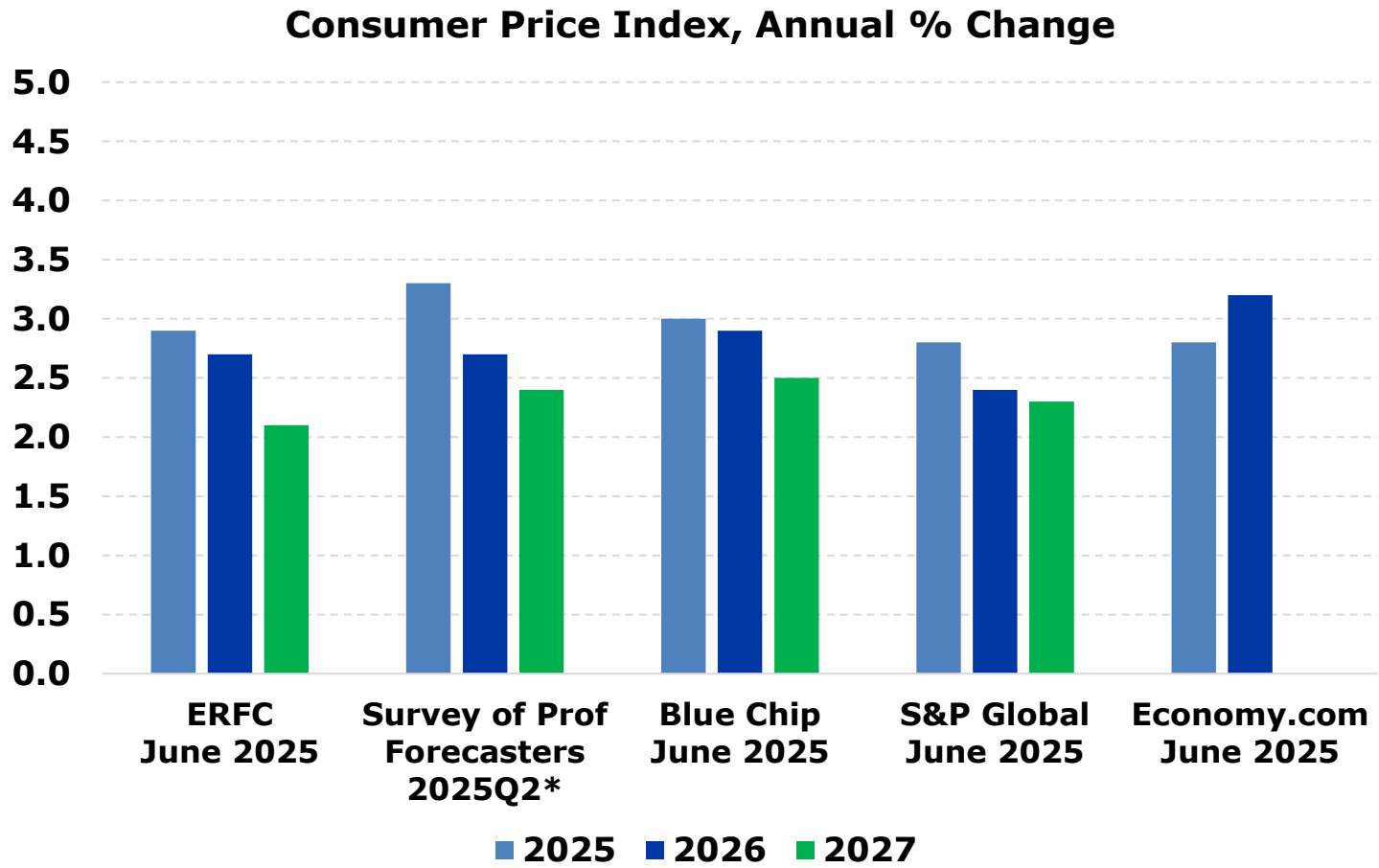
Forecast





# Inflation is likely to pick up later this year as tariffs lead to price increases

The Consumer Price Index increased by 3.0% in 2024



Survey of Professional Forecasters reflects change in price level in 4<sup>th</sup> quarter compared to 4<sup>th</sup> quarter of prior year; all others reflect average change over the year compared to prior year.

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# Most Washington economic indicators continue to normalize/slow post-pandemic

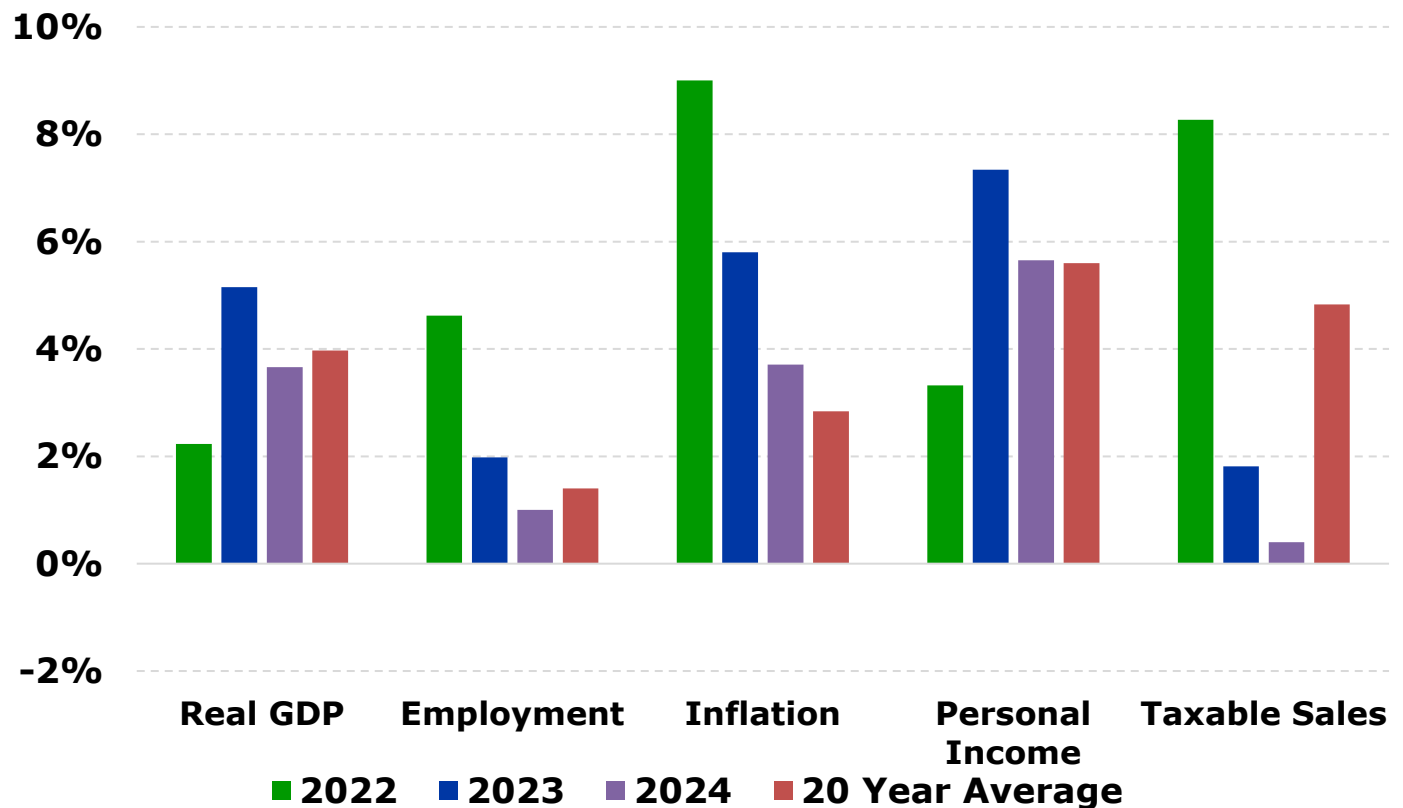
2025

WA employment is up 0.7% (YTD) through June

Seattle CPI up 2.7% (yoy) in June

WA taxable sales growth has picked up likely tied to tariff policy

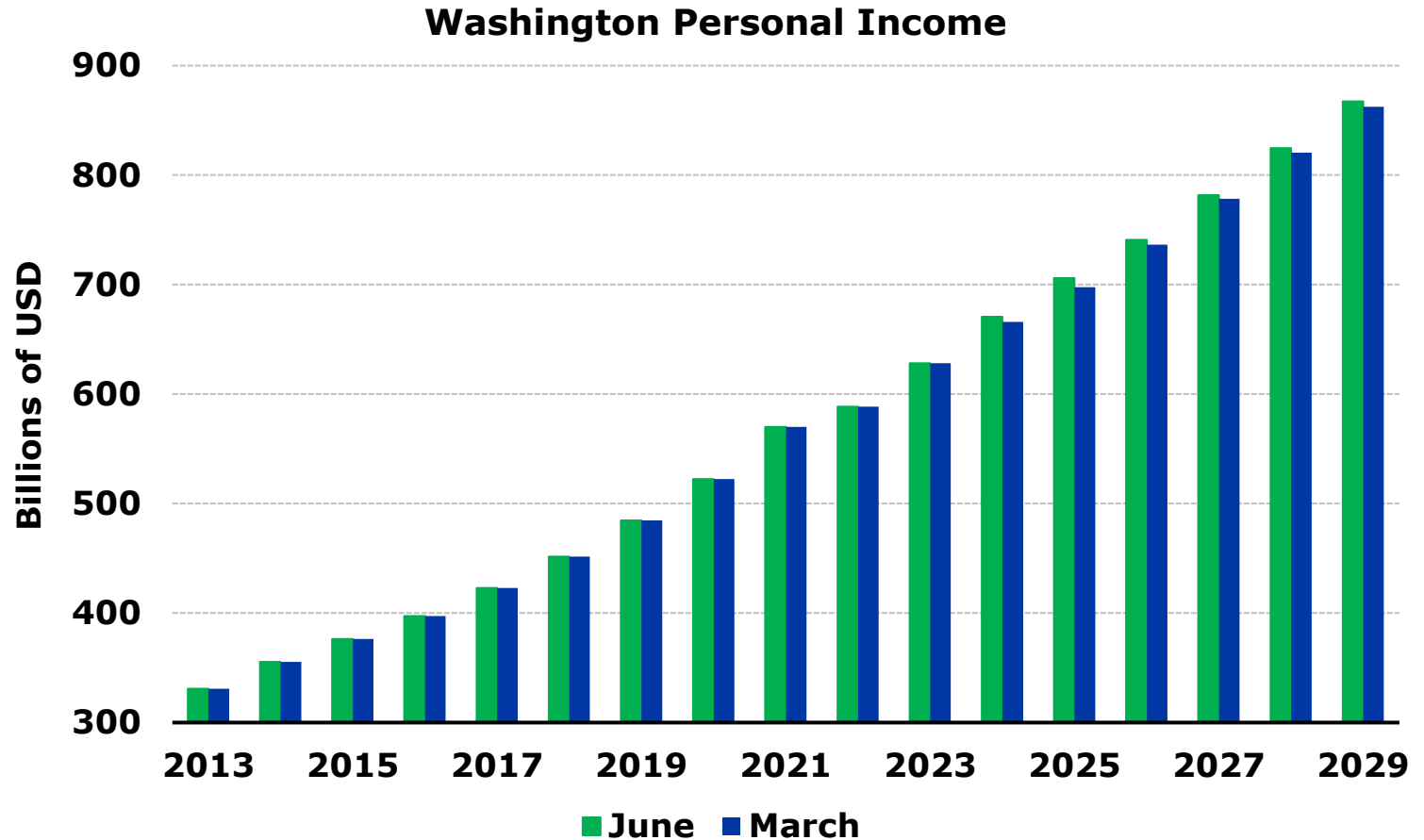
**Washington State Economic Indicators  
2022-2024 Actual Growth & 20 Year Average**





# WA personal income levels revised higher; but growth is reduced from March

In June, BEA released 2025:1Q personal income and WA was up 3.2% (SAAR)





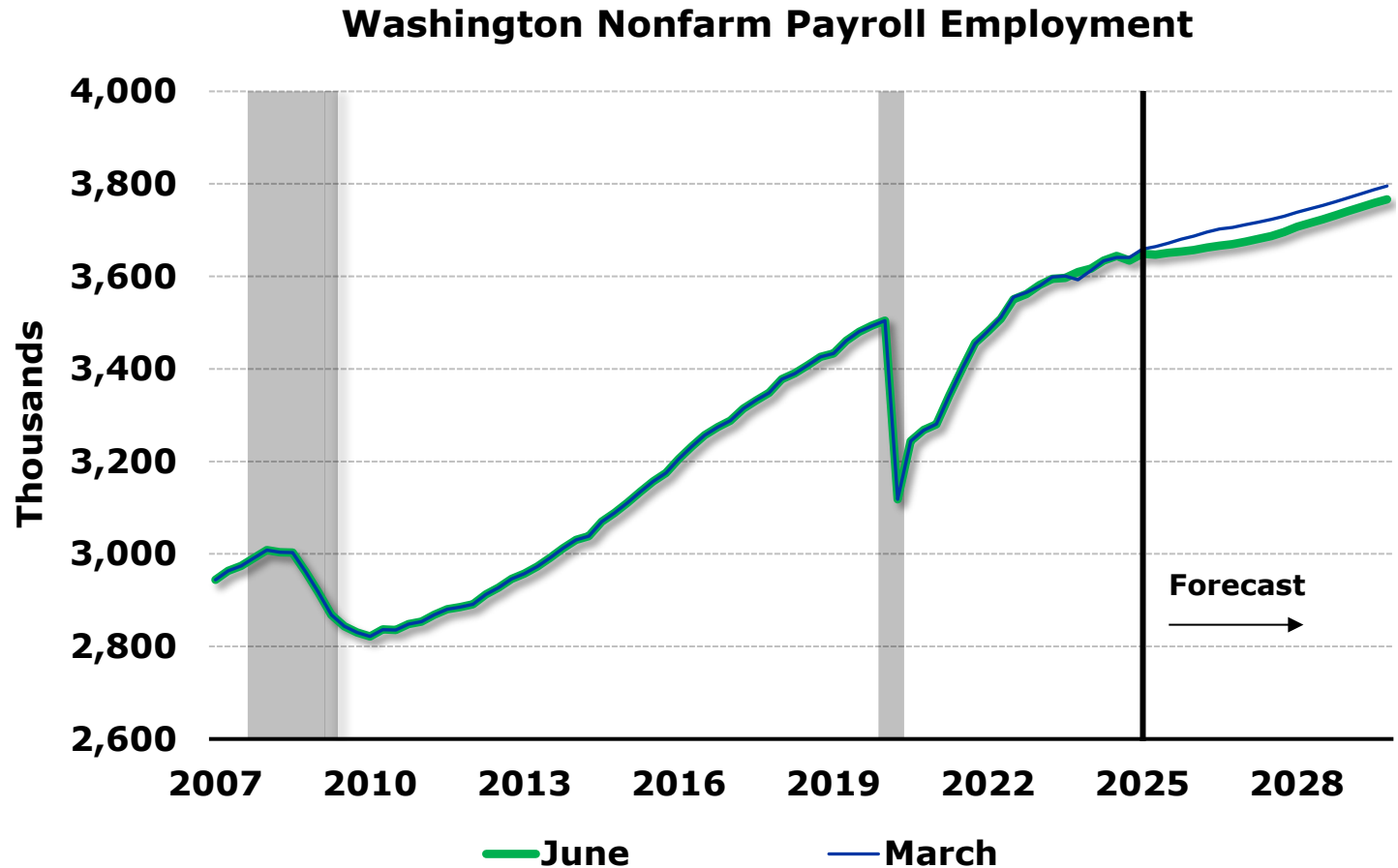


# WA employment forecast is lower over the forecast period

Average annual employment growth, 2025 to 2029:

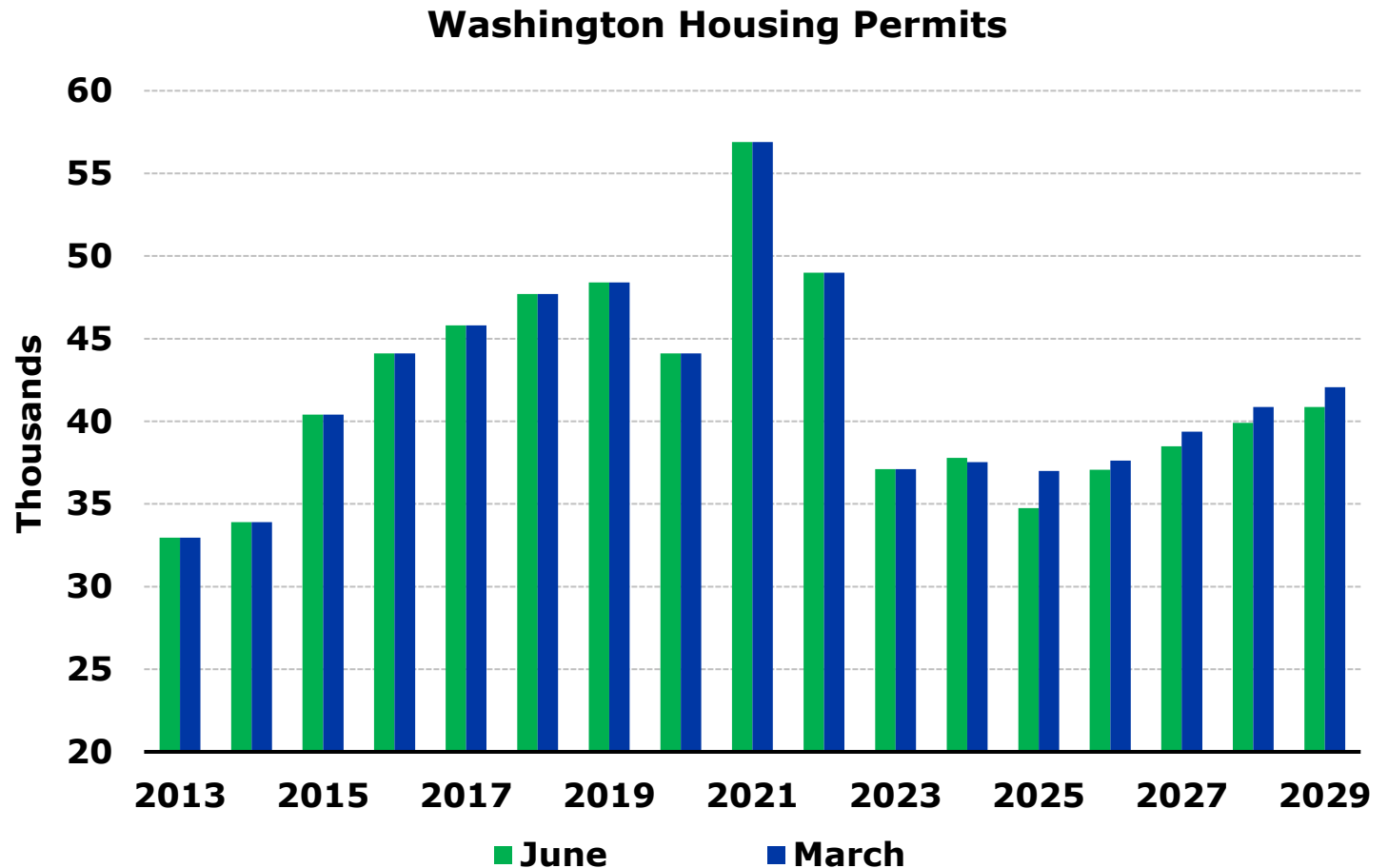
U.S. = 0.3%

WA = 0.7%





# WA housing permit forecast revised down from March





# Revenue Forecast Notes

## Economic

- U.S. model includes assumptions for tariffs, federal employment, tax cuts, debt ceiling
- WA model includes assumptions for federal employment reductions, no additional tariff impacts

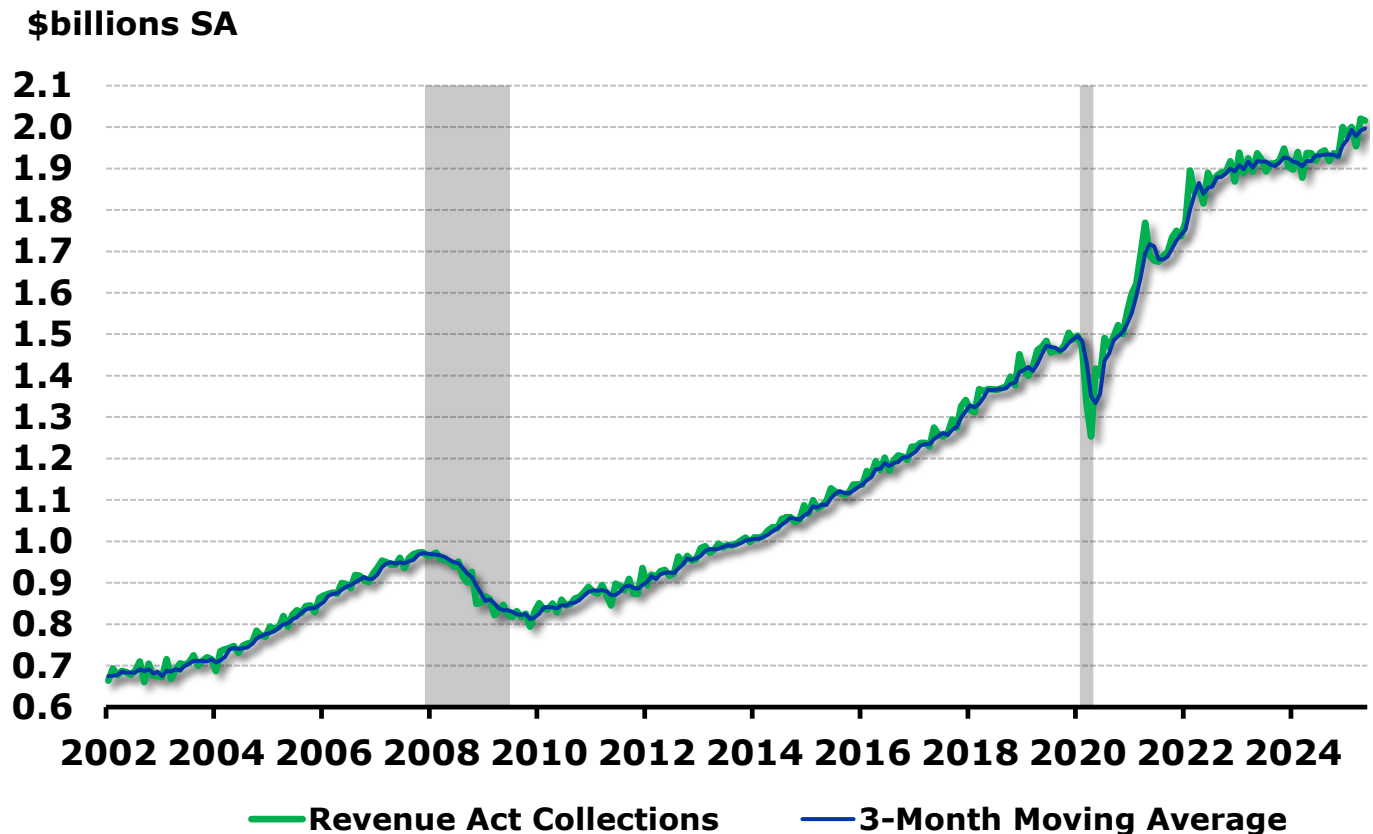
## Revenues

- Recent revenue growth likely tariff related-slow revenue growth still with us
- Likely Covid related-consumption pulled forward, inflation, deflation of goods prices, interest rates, commercial office-impacts sales/B&O/REET
- When do we normalize? Recent policy changes cloud the picture



# Revenue Act collections growth; May activity was up 4.0% (SA) compared with May 2024

Revenue Act includes:  
Sales tax  
B&O tax  
Use tax  
Pub util tax  
Penalties  
Tobacco



\* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred 2020 payments, current definition of Revenue Act

Source: DOR and ERFC; monthly data through May 2025 activity



# WA retail taxable sales contracted for four quarters until growing again in the fourth quarter of 2024

Retail taxable sales made up 41.3% of taxable sales in FY 2024

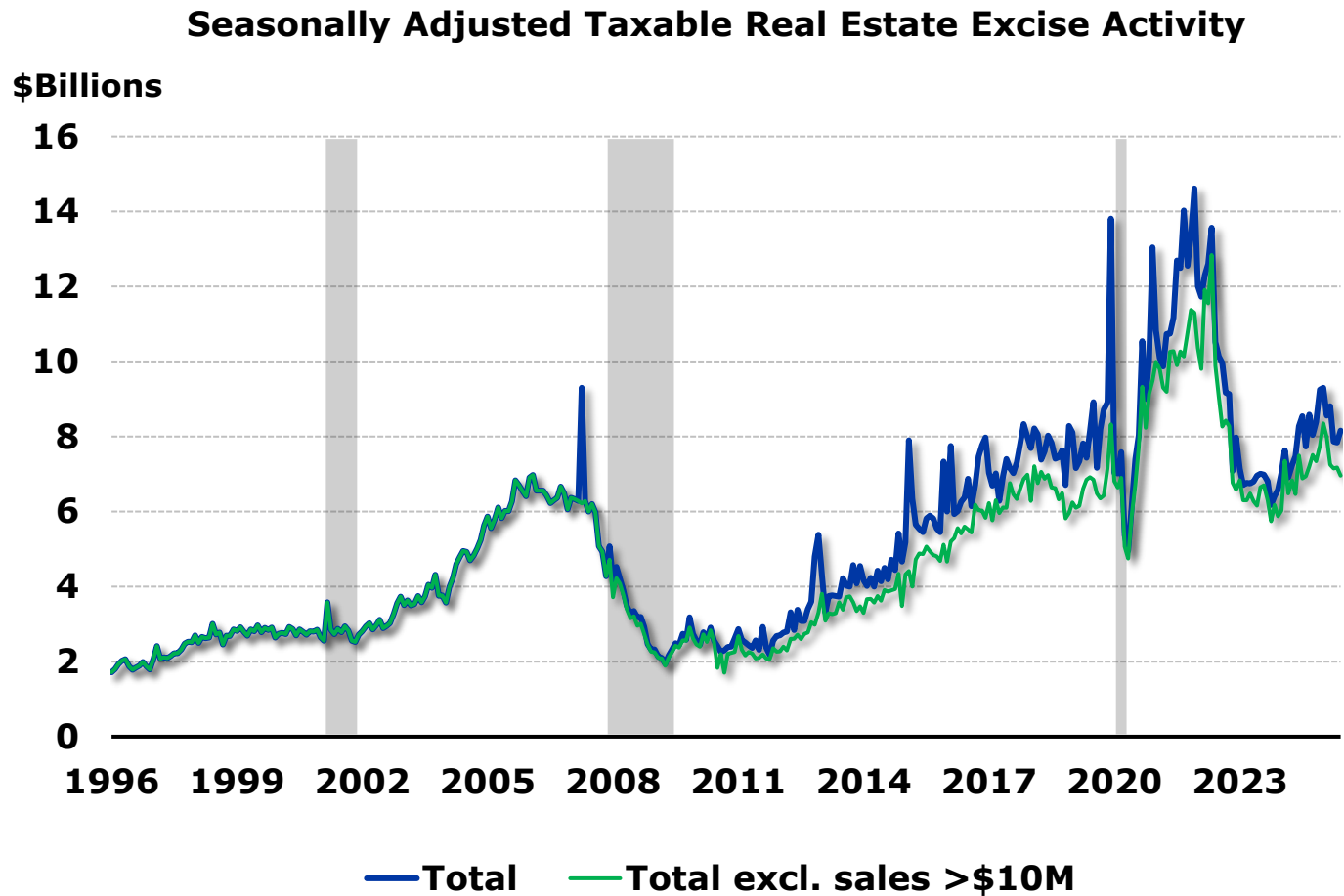






# Taxable real estate activity increased in 2024 and so far in 2025

Transactions of \$10 million or more were about \$1.2B in June 2025





# Forecast changes, all funds: 2023-25 biennium, cash basis

The forecast increase represents 1.0% of biennial revenue

<b>\$Millions</b>	<u>Mar. 2025 Forecast</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Jun. 2025 Forecast</u>	<u>Total Change<sup>#</sup></u>
General Fund-State	\$63,072	\$285	\$70	\$63,426	\$355
Education Legacy Trust Account	\$2,118	n/a	\$289	\$2,406	\$289
WA Opportunity Pathways Account	\$341	\$0	\$8	\$349	\$9
Workforce Education Investment Account	\$915	n/a	\$40	\$955	\$40
<b>Total</b>	<b>\$66,445</b>	<b>\$285</b>	<b>\$407</b>	<b>\$67,137</b>	<b>\$692</b>

# Detail may not add to total due to rounding



# Forecast changes, all funds: 2025-27 biennium, cash basis

The forecast  
increase  
represents  
5.4% of  
biennial  
revenue

<b>\$Millions</b>	<u>Mar. 2024 Forecast</u>	<u>Non- economic Change</u>	<u>Forecast Change</u>	<u>Jun. 2025 Forecast</u>	<u>Total Change#</u>
General Fund-State	\$67,159	\$3,375	(\$446)	\$70,088	\$2,929
Education Legacy Trust Account	\$2,483	\$322	(\$37)	\$2,768	\$284
WA Opportunity Pathways Account	\$366	\$1	(\$31)	\$337	(\$30)
Workforce Education Investment Account	\$943	\$596	\$24	\$1,563	\$620
<b>Total</b>	<b>\$70,952</b>	<b>\$4,294</b>	<b>(\$490)</b>	<b>\$74,756</b>	<b>\$3,804</b>

# Detail may not add to total due to rounding



# Forecast changes, all funds: 2027-29 biennium, cash basis

The forecast  
increase  
represents  
4.7% of  
biennial  
revenue

<b>\$Millions</b>	<u>Mar. 2024 Forecast</u>	<u>Non- economic Change</u>	<u>Forecast Change</u>	<u>Jun. 2025 Forecast</u>	<u>Total Change<sup>#</sup></u>
General Fund-State	\$72,329	\$3,022	(\$564)	\$74,787	\$2,458
Education Legacy Trust Account	\$2,707	\$314	(\$63)	\$2,958	\$251
WA Opportunity Pathways Account	\$375	\$1	(\$21)	\$355	(\$20)
Workforce Education Investment Account	\$1,014	\$891	\$9	\$1,915	\$900
<b>Total</b>	<b>\$76,425</b>	<b>\$4,228</b>	<b>(\$638)</b>	<b>\$80,014</b>	<b>\$3,590</b>

<sup>#</sup> Detail may not add to total due to rounding

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# 2025 Revenue Legislation

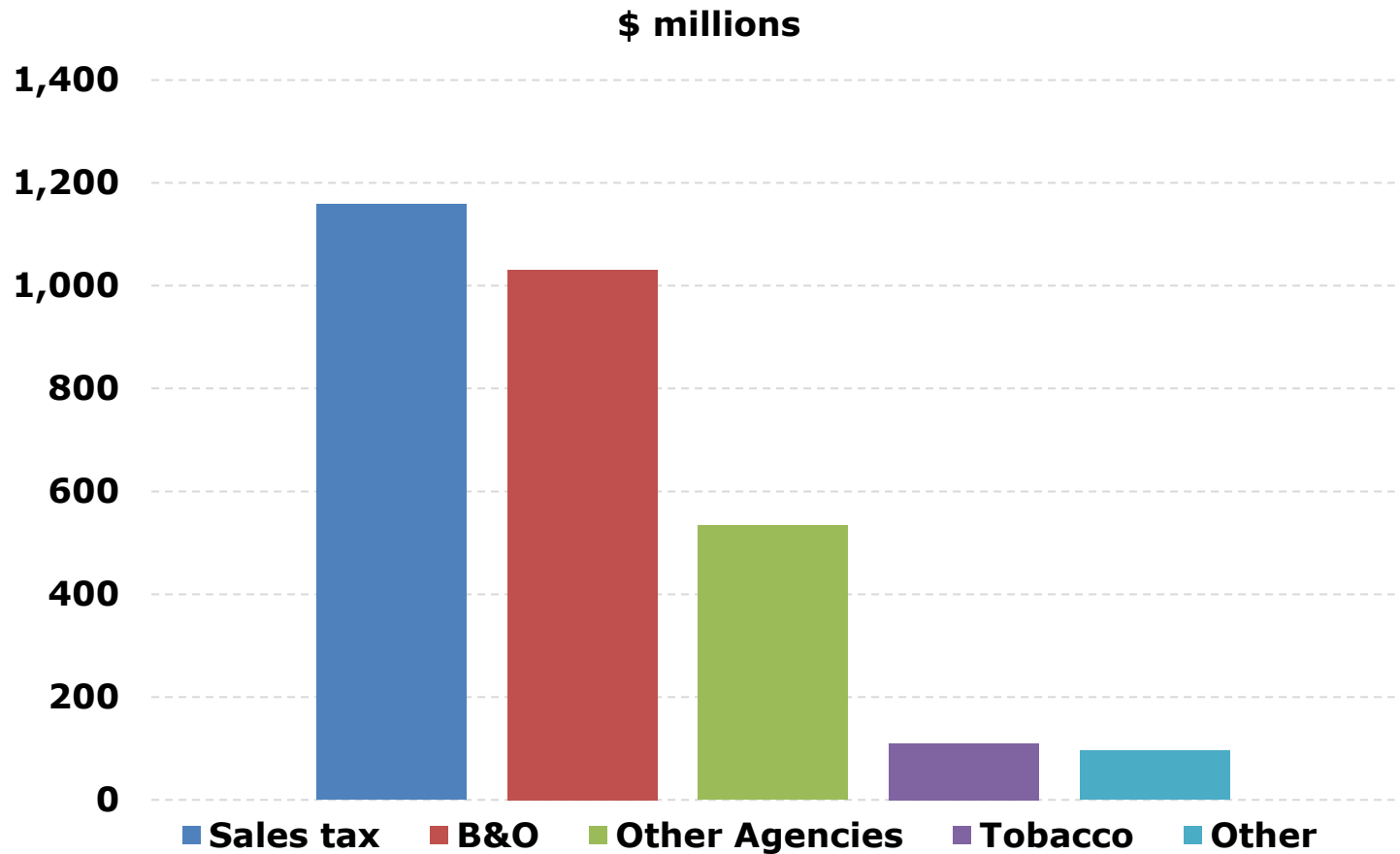
\$millions (excluding Governor vetoes)

	Biennium		
	<b><u>23-25</u></b>	<b><u>25-27</u></b>	<b><u>27-29</u></b>
<b>General Fund-State</b>			
B&O Taxes (2081)	0.0	1,383.1	2,549.4
Tax Preferences (5794)	0.0	135.2	216.4
Transportation Transfers (5802)	0.0	609.1	(1,217.1)
Excise Taxes (5814)	0.0	1,193.1	1,594.3
Other Legislation	0.0	99.2	15.4
Budget Driven Revenue (LCB and Lottery)	14.0	36.7	(6.5)
<b>Total GF-S</b>	<b>14.0</b>	<b>3,456.4</b>	<b>3,151.9</b>
<b>Education Legacy Trust Account</b>			
Legislation (1791,5813)	0.0	321.6	313.9
<b>Workforce Education Investment Account</b>			
Legislation (2081, others)	0.0	609.3	911.1
<b>Washington Opportunity Pathway Account</b>			
Budget Driven Revenue	0.1	1.3	1.2
<b>Total all funds</b>	<b>14.1</b>	<b>4,388.6</b>	<b>4,378.0</b>



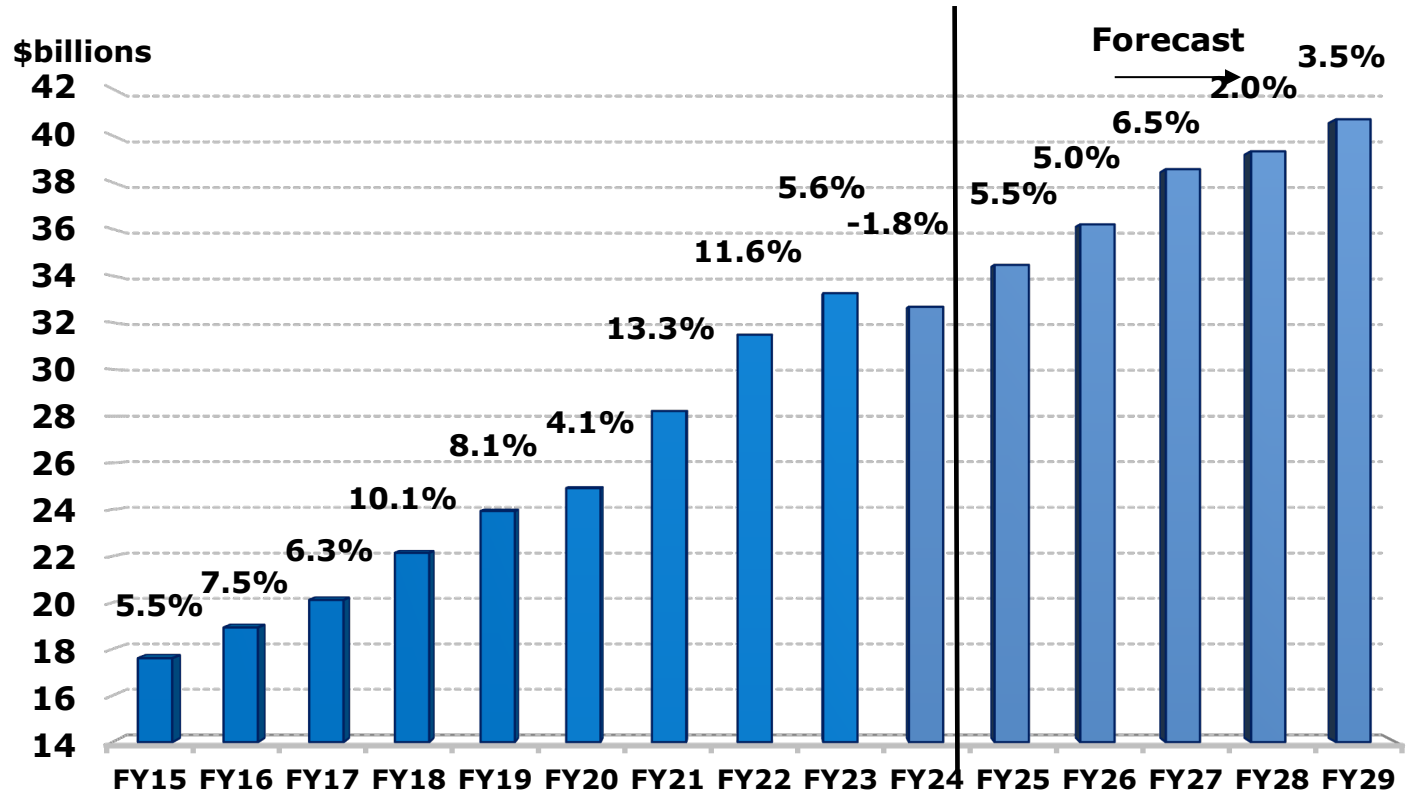


# 2025- 2027 biennium GF-S forecast changes by source





# Forecast of funds subject to the budget outlook process\* by fiscal year



\*Funds subject to the budget outlook process are General Fund-State plus Education Legacy Trust, Washington Opportunities Pathway and Workforce Education Investment Accounts  
Source: ERFC forecast, June 2025



# Summary

- U.S. & WA economies are slowing, and future risk is elevated due to current policy changes
- Impacts of tariffs, federal employment/funding, geopolitical conflict and lower spending & higher inflation/interest rates, pose risks to the forecast
- Revenues are up significantly due to legislative changes but partially offset by economic changes.
- Without the non-economic increases, forecasted GF-S revenue would have increased \$70 million in the current biennium but decreased by \$446 million and \$564 million in the next two biennia respectively.
- Total state revenues are expected to grow 3.7% between the 2021-23 and 2023-25 biennia and 11.3% between the 2023-25 and 2025-27 biennia



# Questions?



**Economic & Revenue Forecast Council  
PO BOX 40912  
Olympia WA 98504-0912**

**[www.erfc.wa.gov](http://www.erfc.wa.gov)  
360-534-1560**

# 2025 AWC Legislative Session Overview & Look ahead to 2026

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# 2025 Legislative Session

105-day Session: January - April

New legislators, new committees, new chairs, 43 legislators with city/county background

Democrats expand majorities: 30-19 Senate, 59-39 House

Economic environment: Budget shortfall, negative revenue forecasts, high interest rates, inflationary pressure; federal funding uncertainty

Biennial budgets: Operating, Capital, Transportation

Policy focus: Revenue, housing, education



# 2025 City Legislative Priorities



Fiscal Sustainability



Behavioral Health Treatment Capacity



Housing Supply



Public Safety



Infrastructure Investment



## Fiscal Sustainability

**Pro:** Maintained state-shared revenues for cities in the final budget.

**Con:** Did not revise the outdated property tax cap.

## Behavioral Health Treatment Capacity

**Pro:** Provided \$4 million in grants to fund start-up costs for city co-response programs.

**Pro:** Passed **HB 1811** to develop training for co-response training academy and provide supports for co-responders.

## Housing Supply

**Pro:** Significant capital budget investments in housing and homelessness, including continued funding of Connecting Housing to Infrastructure Program (CHIP) and investments in manufactured home park acquisition and preservation.

**Con:** Did not pass local option short-term rental tax (**SB 5576**) or dedicate revenues from closing the storage tax loophole to housing (**HB 1907/ SB 5711**).

## Public Safety

**Pro:** Passed **HB 2015** creating a new \$100 million state grant program and new councilmanic local sales tax option for funding public safety programs.

**Pro:** Increased funding to cities for public defense by \$2.7 million for grants.

**Con:** Maintained 25% cost shift to cities for the cost of the Basic Law Enforcement Academy.

**Con:** Did not pass **HB 1428**, which would have increased direct Municipal Criminal Justice Assistance Account distributions by \$25 million per biennium.

## Infrastructure Investment

**Pro:** Maintained the Public Works Assistance Account's (PWAA) dedicated funding streams.

**Con:** Diverted \$288 million from the PWAA to the state general fund, with \$100 million in bond backfill for infrastructure investment.

**Pro:** Dedicated 2.5% of the 6-cent gas tax increase to cities; the 6-cent add-on will grow by 2% annually to account for inflation.

**Con:** Did not adopt a sustainable transportation revenue source with funding for local preservation, maintenance, and operations.

# Significant Issues

- **Pro:** Passed an implementable version of the lot-splitting bill (**HB 1096**) and unit lot subdivision bill (**SB 5559**).
- **Pro:** Addressed condominium insurance issues (**HB 1403**).
- **Pro:** Harmonized uses of local real estate excises taxes (REET), and extended authority for operations and maintenance and housing (**HB 1791**).
- **Pro:** Adopted the Recycling Reform Act, creating extended producer responsibility for packaging (**SB 5284**).
- **Pro:** Dedicated \$32.5 million to the Brian Abbott Fish Barrier Removal Board for local culvert corrections.
- **Pro:** Created expanded alcohol service areas allowing cities and towns to establish 'Libation Zones' in their communities (**HB 1515**).
- **Pro:** Extended clean energy retrofit dollars dedicated to grants for energy audits of city-owned Tier 1 and 2 buildings into FY 2026.
- **Pro:** Stopped proposal to introduce new vague requirements on city ordinances dealing with camping in public (**HB 1380**).
- **Con:** Restricted city authority to regulate parking (**SB 5184**).
- **Con:** Adopted unemployment benefits for striking workers without addressing impacts for public employers (**SB 5041**).





# 2025-27 biennial budget outcomes



## Operating

- \$288 million sweep from the Public Works Assistance Account
- \$100 million for law enforcement grants in **HB 2015**
- \$62 million to address housing and services for those who are unhoused
- \$1.2 billion for homelessness and affordable housing
- \$45 million for GMA planning grants
- \$6.8 million for MRSC
- \$4 million in grants to fund city alternative response teams
- \$3.6 million for city public defense grants



## Transportation

- Estimated \$36.2 million additional distribution (over six years) from \$0.06/gal increase in gas tax
- \$310 million for the Transportation Improvement Board, including funding for Small City Pavement and Sidewalks, Complete Streets, and preservation funding
- \$83.3 million for Safe Routes to School
- \$81.7 million for pedestrian and bike safety
- \$9.2 million to address homeless encampments in state rights of way



## Capital

- \$365 million for Public Works Board, including \$100 million in additional construction bond authority to make up for PWAA sweep – \$100 million available for applications for FY26
- \$605 million for Housing Trust Fund + \$157 million for other housing programs
- \$32.5 million for Brian Abbott Fish Barrier Removal Board for local culverts
- \$81 million for CERB capital construction projects
- \$125 million for grants funding local clean energy and climate resilience/mitigation projects

# Bills of note - Passed

**SB 5814** – Modifies certain sales tax to apply them to new categories of transactions – will impact city sales tax

**HB 2015** – Councilmanic 0.1% sales tax for criminal justice and <sup>new</sup> \$100 million grant program to fund officer and co-responder recruitment and training

**HB 1791** – Harmonizing uses of local REET funds and additional flexibility for housing

**SB 5801** – Transportation resources bill (includes 6-cent gas tax increase with 2.5% for cities)

**HB 1213** – Expands job protections under Paid Family & Medical Leave and addresses concurrency with federal Family & Medical Leave Act leave

**HB 1308** – Requires employers provide “personnel records” to employees

**SB 5503** – Prohibits grievance arbitration settlements from requiring employees to waiving right to future claims

**SB 5041** – Makes striking workers eligible for unemployment benefits



# Bills of note - Failed

**HB 1334/SB 5812/SB 5798** – Revise the property tax levy cap

**HB 1592** – Public defense funding

**HB 1380** – State regulation local ordinances related to public camping

**HB 1921** – Road usage charge (similar concept in House budget proposal)

**HB 1622** – Requires bargaining the management decision to use artificial intelligence related technology



# HB 2015: Two new funding mechanisms

Separate, but linked

## The grant

- CJTC-administered
- \$100 million program
- Expires June 2028
- Can use for hiring/training new officers & co-responders
- 75% of salary covered
- 25% local match required
- Max. \$125k funding, per position
- Policy & training requirements to attain a grant
- Need to levy or receive one of three available public safety or criminal justice sales taxes first

**You must *qualify* for the grant to take the sales tax**

**You must receive or levy a public safety sales tax to get the grant**

## The sales tax

- Councilmanic through June 2028
- 0.1% tax on sales & use
- Permanent
- Broad use for public safety
- Stackable with other taxes & jurisdictions
- Need to meet the same requirements as the grant
- Do not need to apply for or receive the grant, just qualify for it

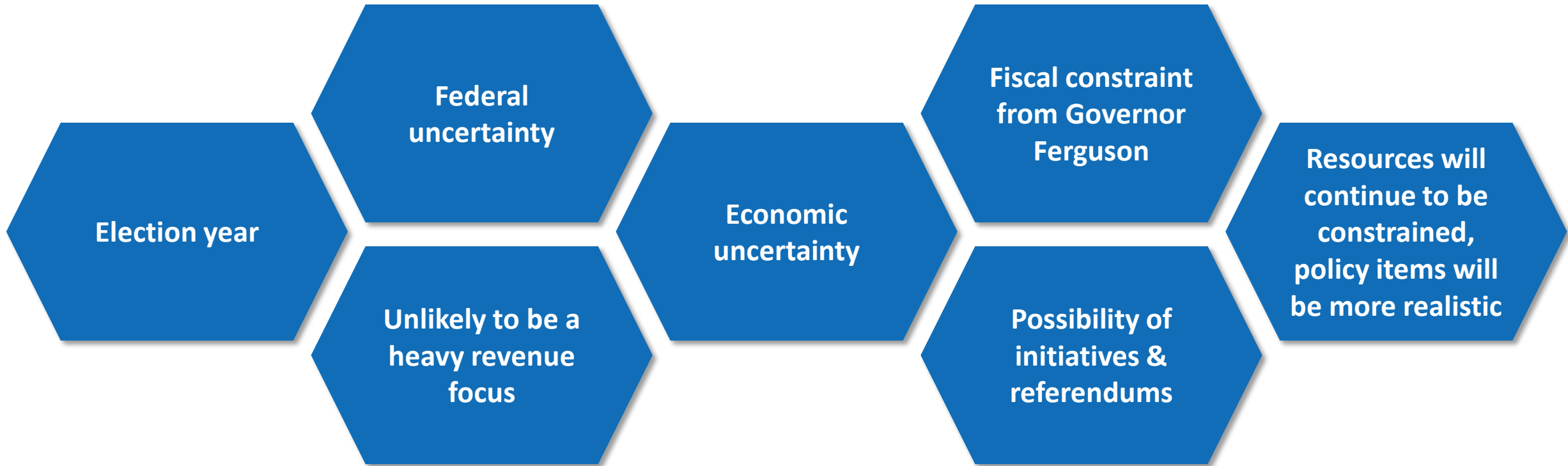


# Some extra notes

- Updates to business licensing thresholds for out-of-town businesses
  - Need to implement no later than January 1
  - Need to adopt ordinance and give BLS notice by October 1
- AWC's 2025 Salary & Benefits Survey data is available
- AWC's annual City Conditions Survey will go out in September
- Local B&O tax model ordinance update underway in time for 1/1/2026 implementation to match state changes
- Federal funding resources - [nlc.org](https://nlc.org)



# Looking ahead to the 2026 political landscape



# AWC's Government Relations Team

## Candice Bock

### Director

Issue areas – Economic development; federal issues; finance, taxes & budgets; human resources, labor relations & pensions; liability; open government

## Carl Schroeder

### Deputy Director

Issue areas – Building codes; environment & natural resources; housing & homelessness; land use & planning

## Steven Ellis

### Government Relations Advocate

Issue areas – Public works & infrastructure; telecommunications; transportation; utilities & energy

## Derrick Nunnally

### Government Relations Advocate

Issue areas – Cannabis; emergency management; general government; human services & behavioral health; public safety & criminal justice

## Sheila Gall

### General Counsel

Issue areas – Finance, taxes, & budgets

## Shayla Nelson

### Government Relations Assistant

## Shannon McClelland

### Senior Legislative Policy Analyst

Issue areas – Building codes; environment & natural resources; housing & homelessness; land use & planning

## Matt Doumit

### Legislative Policy Analyst

Issue areas – Human resources, labor relations, & pensions; liability; general government; open government

## Brianna Morin

### Legislative Policy Analyst

Issue areas – Federal issues; public works & infrastructure; telecommunications; transportation; utilities & energy

## Emma Shepard

### Legislative Policy Analyst

Issue areas – Cannabis; emergency management; finance, taxes & budgets; human services & behavioral health; public safety & criminal justice

## Jacob Ewing

### Special Projects Coordinator

Issue area – Economic development; federal issues; human services & behavioral health; parks





# Questions?

[AWC Legislative Team Directory](#)  
Website: <https://wacities.org/>







# Local Government Partnership

Taxpayer Account Administration

Presented by Jason Hartwell, Brittney May, Janet McCaffrey

August 5, 2025

# New Legislation: SB 5315

## Standardizing notification provisions, amending RCW 82.14.055, 82.14.390, and 82.14.485

- Sec. 1 (4) – Notification of local sales and use tax rate changes must be:
  - In writing.
  - Include a copy of the signed ordinance or resolution.
  - For annexations, must also include:
    - Legal descriptions.
    - Map showing specifically the boundaries of the annexed territory, and.
    - List of all parcel numbers in the annexed territory.
- Sec. 2 (4) – Public facilities districts imposing bonds must:
  - Notify the department in writing of the actual date the bonds will be retired.
  - This notice must be made at least 75 days before retirement.

# Local Tax Reference Guide

- [Available on the Department of Revenue's Website](#)

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# When to Contact Taxpayer Account Administration (TAA)

- Identifying whether a person has access to the partner portal.
- When a specific business needs to be researched.
- Discrepancies or taxability issues for a business.
- Unable or unsure how to answer the question.
- Unable to access the information needed.
- Any other inquiries you need help with.

# Who to Contact in TAA

**Jason Hartwell**  
**360-705-6154**  
**JasonH@dor.wa.gov**

- Rate change notifications for Add-on Taxes
- Data Requests
- Distribution Questions
- Partner Portal

**Brittney May**  
**360-705-6084**  
**BrittneyM@dor.wa.gov**

- State Share Taxes
- Annexations
- Leasehold Excise Tax
- Sales & Use Tax Rate Lookup Application (GIS)
- Public Utility District (PUD) Privilege Tax
- Tribal Retail Tax Compacts Distributions

**Janet McCaffrey**  
**360-705-6118**  
**JanetM@dor.wa.gov**

- Rate change notifications and distribution questions regarding:
  - Lodging
  - Brokered Natural Gas
  - 911/988
  - Real Estate Excise Tax



# Contact Us

For any questions or to get help  
from our tax experts



## Website

[www.dor.wa.gov](http://www.dor.wa.gov)



## Phone Number

360-705-6705



## Email

[DORLocalJurisdictionCommunications@dor.wa.gov](mailto:DORLocalJurisdictionCommunications@dor.wa.gov)



# Questions?



# 2025 Tax Legislation

Legislation and Policy Division

Presented by Trice Konschuh, Amber Cervantes, & Pete Levine

August 5, 2025



The background image shows a modern, two-story building with a tan and brown facade and large glass windows. In the foreground, there is a landscaped area with a fountain featuring a dolphin sculpture. Two flagpoles stand to the right of the building, flying the United States flag, a black flag with a white emblem, a green flag, and a rainbow flag. The sky is blue with light clouds. A dark blue rectangular overlay is positioned on the left side of the image, containing white text.

2025 Tax Legislation

# Excise Taxes

A decorative horizontal bar at the bottom of the slide, consisting of several colored rectangular segments: blue, green, yellow, orange, red, light blue, and grey.

# SHB 1109

- Extends regional centers' sales and use taxes





# ESHB 2015

- Creates a Local Law Enforcement Grant Program.
- Authorizes a new local sales and use tax for criminal justice purposes.
- Requires reports on the use of the new tax.





# SB 5696

- Expands allowable uses of the local mental health and chemical dependency sales and use taxes

# ESSB 5814 (Parts I and II) – Modifying the application and administration of certain excise taxes

**Effective October 1, 2025**

Part I: additional service activities subject to retailing B&O and retail sales tax:

- Information technology training services, technical support, and other information services (including data processing).
- Custom website development services.
- Investigation, security services, security monitoring services, and armored car services.
- Temporary staffing services, except for hospitals.
- Advertising services.
- Custom software programming and customization of prewritten software.

# ESSB 5814 (Parts I and II) – Modifying the application and administration of certain excise taxes (cont'd)

**Effective October 1, 2025**

## Part II: elimination of certain digital automated service (DAS) exclusions

- Removes several exclusions to DAS(RCW 82.04.192), including:
  - Primarily human effort, live presentations, advertising services, and data processing services.
- Adds a new DAS exclusion for “telehealth” and “telemedicine”

# DOR Efforts

- We have created a landing page on our website with **tools** and **information**.
- We will issue **interim guidance** starting in **September**.
- **Permanent guidance** may take the form of updated and new rules or Excise Tax Advisories (ETA).
- We held **listening sessions** and conducted a **survey** in July to gather input from businesses and other impacted entities.

# ESSB 5814 Part III

- Modifies the definition of “tobacco products” to include nicotine.
- Changes the method of taxation for vapor products containing nicotine.







2025 Tax Legislation

# Other Programs





# SSB 5316

- Modifies certain provisions of the Unclaimed Property laws
- Due diligence
- Municipal bonds







2025 Tax Legislation

# Property Taxes



# Property owned by nonprofit organizations

## HB 1094 – property leased by the government

- Exempts property owned by a qualifying nonprofit when it is loaned, leased, or rented by any government entity, federally recognized Indian tribe, or another nonprofit providing qualifying social services
- Applies to taxes due in 2026.

## SSB 5516 – community centers

- Expands the property tax exemptions for community centers by allowing surplus property acquired from an exempt nonprofit university to qualify for the exemption in tax years 2026 through 2035.



# EHB 1106

- Beginning in 2027, the service-connected evaluation rating requirement for veterans is reduced from 80% to 40%.



# ESB 5529

## Expanding the exemption for certain ADUs

- Amends the county population threshold for counties that may exempt from taxation the value of accessory dwelling units to incentivize rental to low-income households.
- Counties with populations over 900,000 and cities in those counties may allow the exemption.
- Applies to taxes due in 2026 and after.
- Expires January 1, 2034.

# Multifamily Tax Exemption (MFTE)

## 3SHB 1491

New multi-family tax exemption (MFTE):

- 20-year exemption for projects near transit stations.
- Must meet one of the affordability requirements below:
  - 10% “affordable housing”.
  - 10% “workforce housing” if 10% of the units have 2+ bedrooms.
  - 20% “workforce”.

## HB 1494

- MFTE expansion and adjustment. Some notable changes:
- Covenants and deed restrictions.
- Income increases in restricted units.
- Loosens some density restrictions.
- Allows more exemptions near transit and higher education.
- Much, much more.

# SSB 5221

- Allows a county treasurer to cancel delinquent personal property taxes when the amount of tax owed is less than the cost of distraint.
- Requires an owner to file a claim with the treasurer within three years to receive any excess funds from a distraint sale.
- Effective July 27, 2025.





# Current Use Program Revisions

## SHB 1261 – Providing tax relief for certain incidental uses on open space land

- Allows additional incidental uses of land in the Current Use Program.
- Reduces the number of years back taxes must be paid if land is removed or withdrawn.



# Current Use Program Revisions

## ESSB 5445 – Revised for Engrossed: Encouraging the development of distributed energy resources

- Allows for an “agrivoltaic facility” to be located on farm and agricultural land classified in the Current Use Program, when designed and operated coincident with the continued agricultural use of the land.
- Specifies that the addition of an agrivoltaic facility is not grounds for removal or withdrawal from the program.



# SHB 1488

## Concerning conservation district revenue limitations

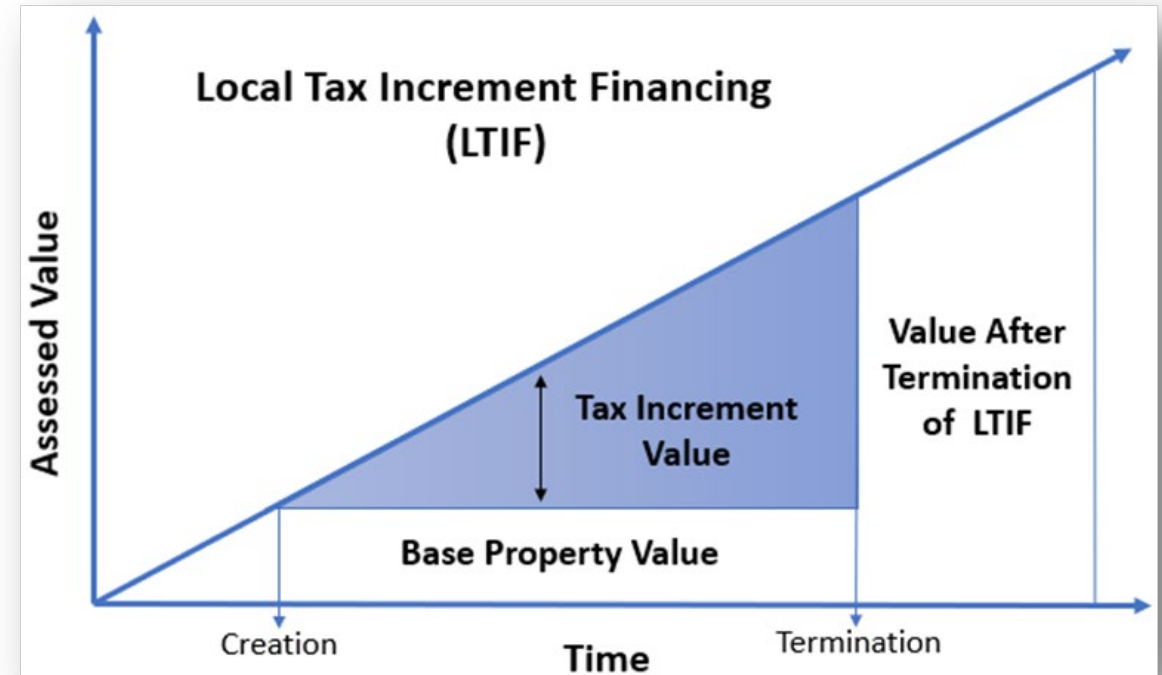
- Increases the maximum annual per-parcel rate charge for conservation district special assessments to \$25 per parcel.
- Requires the department to update the rates for inflation every three years, beginning March 2029.



# ESSB 5801

## Concerning transportation resources

- *Part 13:* Provides that certain Local Tax Increment Financing (LTIF) areas in King County may exceed the \$200 million or 20% assessed value limitation.
- Ensures taxing districts that opt out of participation in the revised LTIF area limit cannot increase the district's levy capacity for increment area real property value increases.







# Questions

[TriceK@dor.wa.gov](mailto:TriceK@dor.wa.gov)

[AmberC@dor.wa.gov](mailto:AmberC@dor.wa.gov)

[PeteL@dor.wa.gov](mailto:PeteL@dor.wa.gov)

[www.dor.wa.gov](http://www.dor.wa.gov)

[Summary of 2025 Legislation](#)



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# Public Records Request, Data Sharing, and Protecting Confidential Revenue Information

Presented by Angel Vasilev

August 5, 2025

# Confidential tax information (CTI)

- Most DOR information is confidential.
- CTI cannot be shared with any unauthorized people under state law.
- If you aren't sure if the information is CTI, play it safe and don't share it.
- **Example:**
  - Don't discuss or present information at Council meetings that identifies taxpayers, even if they don't use a name. For example, if there is only one car dealer in town, that would identify the taxpayer.

# Confidential tax, licensing, and unclaimed property tax Information is exempt from disclosure

- The Department of Revenue tax, licensing, and unclaimed property tax information is covered by various confidentiality laws.
- **Good rule of thumb:**
  - Information not on the DOR website or our business license lookup page cannot be disclosed.
- The statutes do allow Revenue to disclose confidential information to, for example, “...the proper officer of the licensing or tax department of any state or city or town or county, **for official purposes, but only if the... other state or city or town or county...grants substantially similar privileges to the proper officers of this state...**”



# Limited information is public

- **More obvious CTI:**
  - Social Security Numbers.
  - Sales reported.
  - Taxes paid.
- **Less obvious CTI:**
  - Phone numbers.
  - Email addresses.



# Data-sharing or partnership agreements protect confidentiality

- Data sharing or partnership agreements allow Revenue to share information for official purposes.
- There must be a business need or tax administration need for the information.
- The recipient must understand how the information can and cannot be used.
- We must all make sure that only authorized staff have access to the confidential information.
- If your office is interested in a DSA with DOR, you may contact India McKoy at [dordatasharing@dor.wa.gov](mailto:dordatasharing@dor.wa.gov).

# Confidentiality Agreements are required



Form 10 0032

 Reset form

## Confidentiality and Non-Disclosure Agreement

Individuals with access to Washington State Department of Revenue's Confidential Information must complete and sign this form.

DOR Contract Number (if applicable):

### Identification:

Name:  Title:

Employer:  Phone:

Address:

City:  State:  Zip:

Email:

### Scope: Confidential Information under this Agreement includes:

- Licensing information ([RCW 19.02.115](#))
- Personal information ([RCW 42.56.590](#))
- Property tax information ([RCW 84.08.210](#), [RCW 84.40.020](#), [RCW 84.40.340](#))
- Return and tax information ([RCW 82.32.330](#))
- Federal tax information ([26 USC § 6103](#))
- Unclaimed Property ([RCW 63.30.820](#))

# Process for Confidentiality Agreement

- Each person in your jurisdiction with access to Revenue's confidential information **must sign a confidentiality agreement** and have it on file with Revenue before they may access the information.
- The Finance Director, Treasurer, City Manager, or similar official authorizes the employee to access the information.
- Taxpayer-specific information cannot be discussed between jurisdictions. That would be an unauthorized disclosure, even though the other jurisdiction may have a data-sharing agreement with Revenue.
- You cannot re-disclose what was given to you in confidence.

# Data security requirements

- Confidential information must always be kept secure.
- Do not send information via unsecured e-mail or text. It's not protected and could be hacked.
- Revenue must follow the Office of Chief Information Officer (OCIO) safeguarding standards. The data-sharing agreements we enter with local governments must include provisions such as:
  - Using strong passwords.
  - Encrypting laptops.
  - Limiting access to equipment storing the data.
  - Not leaving the data sitting on your desk.
  - Protecting data while stored or in transit.

# What if there is a breach of CTI?

- Notify DOR right away!
- State law requires notification of breaches of personal information held by government agencies.
- Businesses need to know if there is a breach to protect themselves.
- Contact DOR's Privacy and Protection Manager Angel Vasilev at [angelv@dor.wa.gov](mailto:angelv@dor.wa.gov).

# Penalties for a breach of confidentiality

- The law has individual penalties for breach of confidentiality.
- It is considered a misdemeanor, and if convicted, it results in job loss. Disclosure is punishable by:
  - Up to \$1,000 fine.
  - Up to 90 days in jail.
  - Loss of job.
  - Barred from employment by state or local government for two years.

**However**, if you need the information and have a signed affidavit on file, don't be afraid to use it for authorized purposes.



# Questions?





# Contact Us

Lastly, help is available! Please reach out if we can be of any help. Thank you!



## Website

[www.dor.wa.gov](http://www.dor.wa.gov)



## Phone Number

360-704-4429



## Email

DOR Public Records:

[dorpublicrecords@dor.wa.gov](mailto:dorpublicrecords@dor.wa.gov)

DOR Data Sharing:

[DORDataSharing@dor.wa.gov](mailto:DORDataSharing@dor.wa.gov)

DOR Privacy & Protection:

[angelv@dor.wa.gov](mailto:angelv@dor.wa.gov)



# BLS Partnership Services

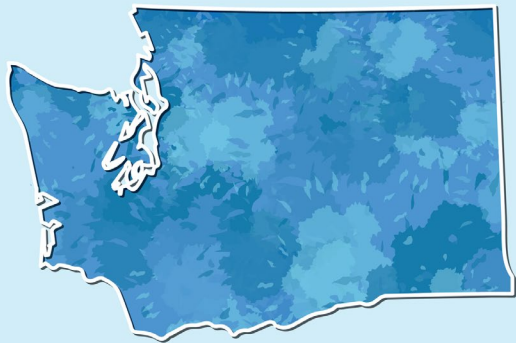
*Washington's unique solution for  
combined state and local business  
licensing*

Presented by Eric Jones, Analyst

August 3, 2025



# Combined Licensing in Washington



1

- Created in 1977 for agencies

2

- Cities added 1997

3

- More than 220 municipal partners in 2025

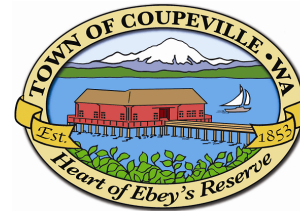


- Most cities use BLS for local licensing
- 9 cities use File Local
- Local B&O tax managed by city
- 900+ license types

# City licensing

## New local partners

- Okanogan
  - Coupeville
  - Port Angeles
  - Medina – Coming in 2026
- About 50 cities do not issue local licenses*

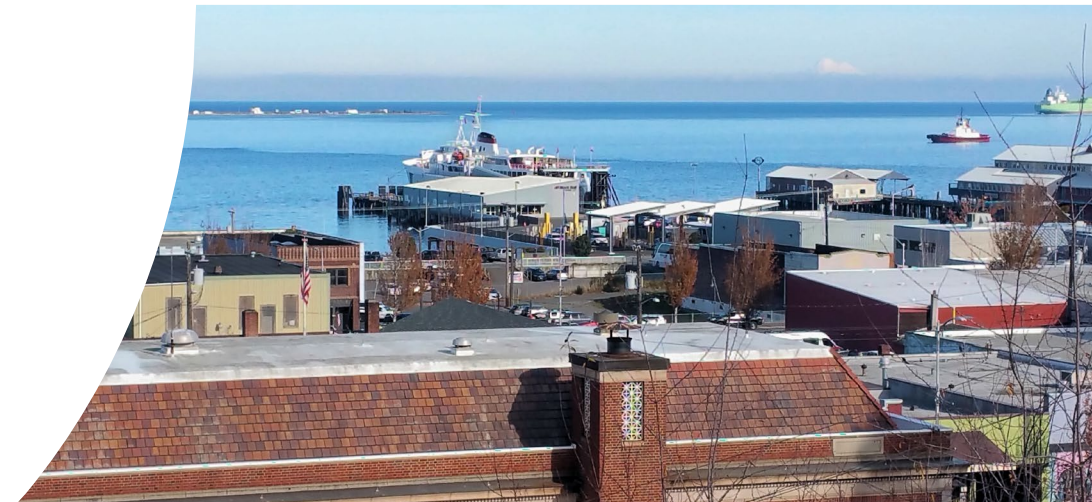
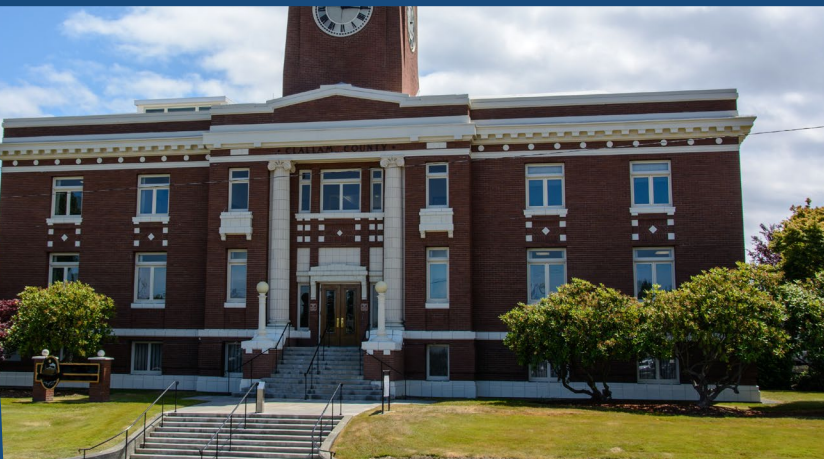




# City of Port Angeles

## 15 specialty license processes synced

- Forms reduced and/or eliminated
- Operating cost savings
- Simplified steps for new businesses



# Updated city/town agreements



## Most cities must update BLS agreements

- Vendor partners seek access to DOR data & reports
- Updated contract language allows for limited data sharing
- Subcontractors manage tax accounts, public safety, zoning, and compliance work



# City addendum Changes 2026

## More data for planning

- Mobile Vendor
- Home occupation
- Rentals





# Mobile vendor licensing plans for mid 2026

- In 2022, about 36,000 food truck businesses were active across the United States.
- WAFoodTrucks.org has an opt-in food truck directory
- Hundreds of vendors work in two or more cities



# Mobile vendor licensing coming soon

- New endorsement are rolling out in 2026
- Join the queue – [dorblspartner@dor.wa.gov](mailto:dorblspartner@dor.wa.gov)



# Out-of-city businesses

## New rules for out-of-city businesses

- Business licensing thresholds for out-of-town businesses change in 2026
- Use AWC resources for ordinances.
- Change requests are due in late summer.

# Non-resident threshold



**Non-Resident  
Workers**

## Association of Washington Cities

AWC worked with business community

- \$4000/year for out-of-city businesses
  - Effective January 1, 2026
- Adjusted by inflation after 4 years (e.g. 2030, 2034, 2038)
- All cities/towns with business licensing should update codes or ordinances

# Nonresident threshold



## Association of Washington Cities

Submit PCR with updated fees

First deadline: Aug. 26, 2025.

Final deadline: Oct. 1, 2025.

- Cities may choose higher threshold. Two options:
  1. Exempt out-of-city businesses below the threshold
  2. Offer no-fee license for out-of-city businesses below the threshold

# Nonresident threshold



## Next steps for your city

1. Review the fact sheet.
2. Review the threshold ordinance language.
3. Schedule the ordinance to pass by Oct. 1.
4. Send notice to BLS with a PCR form.

*Bookmark this resource page:*  
<https://wacities.org/advocacy/news/advocacy-news/2025/06/14/final-city-business-license-model-threshold>

# Rental businesses



## Short-term rentals are growing

- Since 2020:
- \$28 million in additional local sales tax.
- \$59 million in local guest spending.

Source:  
[Association of  
Washington Business](#)  
April 2025





# Rental businesses



## Configuration for rental licensing

- Complete a Partner Change Request.
- Email [dorblspartner@dor.wa.gov](mailto:dorblspartner@dor.wa.gov).
- Complete code changes.
- Changes prioritized by agency.



Reminder:  
Code freeze  
in fall 2025

## Getting ready for 2026 ATLAS system update

- Annual process in January with system stabilization and fixes till March





# Contact Us

For any questions or to get help  
from our tax experts



## Website

[www.dor.wa.gov/partners](http://www.dor.wa.gov/partners)



## Phone Number

360-705-6777



## Email

[DORBLSPartner@dor.wa.gov](mailto:DORBLSPartner@dor.wa.gov)