



Dollars in Thousands

ABS024 Recommendation Summary

Department of Revenue

2024 First Supplemental Budget Session

SUPP2024 - FY24 Supplemental

| | Average Annual FTEs | General Fund State | Other Funds | Total Funds |
|--|------------------------|-----------------------|---------------|----------------|
| CB T0PL Current Biennium Base | 1,495.2 | 864,270 | 53,823 | 918,093 |
| 2023-25 Current Biennium Total | 1,495.2 | 864,270 | 53,823 | 918,093 |
| Total Carry Forward Level | 1,495.2 | 864,270 | 53,823 | 918,093 |
| Percent Change from Current Biennium | .0% | .0% | .0% | .0% |
| | 0.0 | 0 | 0 | 0 |
| Total Maintenance Level | 1,495.2 | 864,270 | 53,823 | 918,093 |
| Percent Change from Current Biennium | .0% | .0% | .0% | .0% |
| Policy – Other Changes | | | | |
| PL CT Capital Gains Tech Corrections | 1.7 | 539 | 0 | 539 |
| PL EF Capital Gains Enforcement | 5.5 | 1,471 | 0 | 1,471 |
| Policy – Other Total | 7.2 | 2,010 | 0 | 2,010 |
| Subtotal - Policy Level Changes | 7.2 | 2,010 | 0 | 2,010 |
| 2023-25 Total Policy Level | 1,502.3 | 866,280 | 53,823 | 920,103 |
| Percent Change from Current Biennium | .5% | .2% | .0% | .2% |

PL CT Capital Gains Tech Corrections

In 2021, the Legislature passed, and the Governor signed, Engrossed Substitute Senate Bill 5096, (Chapter 196, Laws of 2021). This legislation imposes a tax on the sale or exchange of long-term capital assets by an individual. The tax is codified in chapter 82.87 RCW. After the passage of the bill, the Department of Revenue (department) began its implementation process. During that process, the department found there were various administrative provisions that needed to be clarified or corrected and unintended tax planning loopholes that needed to be closed. The department's proposed amendments to the law seek to resolve these issues.

PL EF Capital Gains Enforcement

Due to litigation challenges of the Capital Gains excise tax and the uncertainty of whether the tax would survive the legal challenge, the Department of Revenue (department) focused its expenditure requests on implementation of the new tax program and took a minimal approach to funding the enforcement side. Now that the Washington State Supreme Court has upheld the validity of the tax, the department is requesting funding for enforcement activities.

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Report Number: ABS024

| Input Parameters | Entered as |
|-----------------------------|-------------------|
| Session | 2024 Supplemental |
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