

RCW 82.04.288 Surcharge on Washington taxable income over \$250,000,000—Exemptions. (Effective January 1, 2026, until December 31, 2029.) (1) Beginning January 1, 2026, in addition to all other taxes imposed under this chapter, persons must pay a surcharge on Washington taxable income over \$250,000,000 in a calendar year.

(2) The rate of the tax is 0.5 percent of the amount of Washington taxable income over \$250,000,000.

(3) (a) Any Washington taxable income subject to the tax in RCW 82.04.29004 is exempt from the surcharge imposed in this section.

(b) (i) Any Washington taxable income subject to the manufacturing tax rates in RCW 82.04.240, 82.04.2404, 82.04.241, 82.04.260, 82.04.2602, 82.04.287, 82.04.2909, or 82.04.294(1) is exempt from the surcharge imposed in this section.

(ii) Any Washington taxable income attributable to the wholesale or retail sale of products so manufactured by a person subject to the manufacturing tax rates specified in (b) (i) of this subsection (3) is exempt from the surcharge imposed in this section.

(iii) Any Washington taxable income attributable to retail sales that are exempt from the imposition of sales tax in RCW 82.08.0293, 82.08.0297, and 82.08.0281 is exempt from the surcharge imposed in this section.

(iv) Any Washington taxable income subject to the tax rates in RCW 82.04.260(12) is exempt from the surcharge imposed in this section.

(v) Any Washington taxable income attributable to the wholesale or retail sale of petroleum products by a person who is both located in a state other than Washington and the owner of such materials processed for it in Washington by an affiliated processor for hire subject to the rate in RCW 82.04.280(1)(c), is exempt from the surcharge imposed in this section. For the purposes of this subsection (3) (b) (v), the following definitions apply:

(A) "Affiliated" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person;

(B) "Control" means the possession, directly or indirectly, of more than 50 percent of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise; and

(C) "Petroleum product" has the same meaning as in RCW 82.21.020.

(4) (a) The surcharge imposed under this section does not apply to taxable income for which a credit is allowed under RCW 82.04.440.

(b) The surcharge imposed under this section does not apply to a person engaged in business primarily as a farmer or eligible apiarist as defined in RCW 82.04.213.

(c) The surcharge imposed under this section does not apply to a person subject to the tax imposed pursuant to RCW 82.04.299.

(d) The surcharge imposed under this section does not apply to taxable income for wholesale and retail transactions of fuel as defined in RCW 82.38.020.

(5) Any income that is exempt from the surcharge imposed under this section is not included in the calculation of Washington taxable income in subsection (1) of this section.

(6) This section expires December 31, 2029. [2025 c 420 s 201.]

Effective date—2025 c 420 ss 114, 201, 301, 401, and 402: See note following RCW 82.32.875.

Tax preference performance statement exemption—Automatic expiration date exemption—Necessity of act—2025 c 420: See notes following RCW 82.04.230.