Washington Initiative 645: What a Yes or No Vote Means for the Millionairesâ?? Tax

Description

*This article is a part of a series on the Washington Millionairesâ?? Tax published by Clark Nuber. To read the other articles in the series, please explore our **article archive**.*

On November 3, 2026, Washington voters will decide whether to repeal the stateâ??s new â??millionairesâ?? tax.â?• The wording can be confusing, so here is the short version:

A YES vote: Repeals the millionairesâ?? tax before it takes effect January 1, 2028, and it bars future state and local taxes on individual income. No oneâ??Washington resident or nonresidentâ??would owe the tax.

A NO vote: Keeps the millionairesâ?? tax as enacted, scheduled to start January 1, 2028. It would apply to individuals with more than $1 million of Washington taxable income, including nonresidents who earn income from Washington sources, such as a share of income from a Washington business.

What Appears on the Initiative 645 Ballot?

The ballot will list **Initiative Measure No. IP26-645**, concerning state and local taxes. It describes a measure to repeal the 9.9% tax on annual individual income above $1 million and prohibit state and local taxes on individual income or taxes measured by an individualâ??s income. A public-investment disclosure also states that the measure would reduce funding for education and human services, primarily healthcare. Voters will answer: â??Should this measure be enacted into law?â?•

How does Washingtonâ??s millionairesâ?? tax work?

Although enacted in 2026, the millionairesâ?? tax would not take effect until January 1, 2028, with the first returns due in April 2029. As a result, no one currently owes the tax. The tax applies to incomeâ??not net worth or home value. It starts with federal adjusted gross income, including wages, business income, and investment income, and then applies Washington-specific adjustments, deductions, and credits.

The 9.9% rate applies after a $1 million standard deduction, which is shared by married couples and registered domestic partners even if they file separately. For example, a Washington resident with $1.2 million in 2028 income after state adjustments and no other deductions or credits would owe $19,800â??not tax on the full $1.2 million.

Nonresidents with Washington-source income may also owe the tax. The tax applies to nonresidents on income sourced to Washington state, such as pay for work done in the state or an ownerâ??s share of

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income from a partnership, LLC, or S corporation operating in Washington. Moving out of state may eliminate earned income from the base of the tax, but business income attributed to Washington remains subject to the tax. However, a nonresident will not receive the $1 million deduction, but rather a reduced standard deduction.

What Would a Yes Vote Mean?

A â??yesâ?• vote would repeal the new income tax before it takes effect and prohibit future state and local income taxes, as well as taxes calculated using an individualâ??s income. No one would owe the millionairesâ?? tax. However, a yes vote would not repeal the related expansion of the Working Families Tax Credit, small-business tax relief, or sales-tax exemptions for items such as diapers and over-the-counter medicines.

According to the stateâ??s fiscal impact statement, a yes vote would eliminate an estimated $11.4 billion in state revenue over fiscal years 2027â??2031. With the tax breaks remaining, less funding would be available for public services. Any spending cuts or replacement taxes would depend on future budget decisions rather than occur automatically. The broader prohibition could also prompt legal disputes over Washingtonâ??s existing capital-gains and local payroll taxes, but those effects remain uncertain.

What Would a No Vote Mean?

A â??noâ?• vote would keep the enacted law and its scheduled 2028 start, preserving the expected revenue. Those with income below the applicable threshold would not owe the tax but could benefit from the relief provisions and services funded by the tax. A no vote would not resolve the separate constitutional challenge to the tax.

The decision extends beyond who pays the tax; it also affects Washingtonâ??s future tax policy and funding for statewide services.

We will continue to monitor Initiative 645 and the constitutional challenge to the millionairesâ?? tax, as well as what the outcome means for you. To stay up to date on Washington tax legislation, subscribe to our State and Local Tax newsletter and connect with a Clark Nuber State, Local, and Multistate Tax specialist.

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