The Millionaires Tax will infuse billions of dollars into our state economy

By funding key programs and supporting small businesses, the tax creates jobs and supports economic growth

The historic Millionaires Tax that was passed into law in Washington state this year is estimated to infuse over $3 billion into the state budget annually when it goes into effect in 2029. Among other things, this 9.9% tax on annual income over $1 million – which less than 1% of people in Washington will pay – will help fund:

- Sales tax exemptions on key household products
- The largest small business tax break in state history
- Free school lunch for kids in K-12 schools
- Early learning and childcare
- A dramatic expansion of the Working Families Tax Credit

In short, it will result in crucial investments in the wellbeing of communities throughout our state. **What's more, new research shows that the anticipated annual revenue from this progressive tax will help sustain Washington's economy.**

According to the latest analysis from the Regional Economic Models, Inc. Tax Policy Insight model (REMI Tax-PI), the cumulative impact of the Millionaires Tax to Washington's economy over 10 years[1] will mean job creation in both the public and private sectors, an increase in the state's economic output, and an increase in people's disposable income.

Specifically, the state's economic output (or state Gross Domestic Product/GDP) is expected to increase by $3.2 billion,[2] generating economic growth through investments in education, childcare, and infrastructure. The REMI Tax-PI model projects that these investments will produce more jobs and stronger wages, **increasing personal income by $4.1 billion**. With new and expanded economic activity, the impacts of the Millionaires Tax are also expected to generate an **$812 million increase in disposable personal income** across the state, meaning more money for households to spend and save.

The Millionaires Tax will also add an estimated **20,147 jobs in Washington**. Top industries projected to experience job creation include public sector roles, construction, and professional and technical jobs. Due to job growth and economic activity, **32,723 new residents are anticipated to move to Washington** seeking economic opportunity, a higher quality of life, and a place to call home.

The Millionaires Tax will be a big boost to the state economy in the next 10 years

$3.2 billion
Increase in state GDP

$4.1 billion
Increased personal income

20,147
New jobs in the state

(estimates from the REMI Tax-PI model)

In contrast to Washington, states that are cutting taxes have poor economic outlooks

Lawmakers' decision to enact this tax on the wealthiest households in Washington is a sound investment in the people of our state. Compared to other states that have recently enacted or are looking to pass significant tax cuts – and that will see job loss, decreased economic output, and huge budget gaps as a result – Washington's enactment of the Millionaires Tax shows a net positive towards a healthy economy and critical public investments.

How economic growth stacks up for Washington state versus states that are cutting taxes, according to REMI Tax-PI

State	Policy	10-Year Impact
↓ **Wyoming**	Proposed 100% property tax elimination	Loss of 21,374 jobs and loss of $1.78 billion to state GDP[3]
↓ **Indiana**	Property tax levy caps and Business Personal Property Tax phase-out	Loss of 11,446 jobs and loss of $957 million to state GDP[4]
↓ **Texas**	Proposed school property tax elimination	$42 billion annual gap in budget; no proposed revenue replacement[5]
↓ **Florida**	Proposed property tax elimination	$55-60 billion annual gap in budget; to fill this gap, sales tax would need to be raised from 6% to 12%
↑ **Washington**	Millionaires Tax	Gain of 20,147 jobs and gain of $3.2 billion to state GDP[6]

"Without the Millionaires Tax, Washington will continue to struggle to fund education, healthcare, early learning, and childcare. In addition, critical services that serve people throughout Washington will continue to face the impacts of frequent budget cuts."

Explanation of methodology

Statewide projections were created using Regional Economic Models, Inc. Tax Policy Insight (REMI Tax-PI), a model designed to simulate state and regional economic consequences of tax and expenditure policy changes.[7] REMI Tax-PI incorporates behavioral responses across households, firms, labor markets, capital markets, and interregional migration, thereby allowing for the estimation of both short-run and long-run macroeconomic adjustments. Full technical documentation of the model and estimation procedures embedded within it are available on REMI's website.

This model was used to project the economic impacts of Washington state's Millionaires Tax for fiscal years 2027 through 2036.[8] See the full methodology here.

The Washington State Budget and Policy Center is a research and policy organization that works to advance economic justice for everyone in Washington.

budgetandpolicy.org

budgetandpolicy
wa-budget-policy
budget_policy
budget-policy.bsky.social
Channel: WA Budget & Policy

Endnotes:

1 This analysis covers the 10-year period between fiscal years 2027-2036, or July 1, 2026 through June 30, 2036.

2 The Millionaires Tax is projected to collect over $3 billion per year in revenue towards the state budget (or over $30 billion during a 10-year period). Separately, modeling the cumulative impact of the Millionaires Tax on the state economy projects a $3.2 billion increase in state GDP over a 10-year period.

3 Michael Petko and Susan Kennedy, Wyoming 100% Property Tax Elimination Analysis, National Education Association, January 2026.

4 Michael Petko and Susan Kennedy, Indiana SB 1 Property Tax Cuts Analysis, National Education Association, March 2026.

5 Gabriella Garriga and Thomas Brosy, "Eliminating School Property Taxes for Texas Homeowners Could Backfire Sooner Rather Than Later," Urban-Brookings Tax Policy Center, February 2, 2026, https://taxpolicycenter.org/taxvox/eliminating-school-property-taxes-texas-homeowners-could-backfire-sooner-rather-later.

6 Esteban Leonardo Santis, "A Risky Proposition: Weakening Local Governments by Eliminating Property Tax Revenue," Florida Policy Institute, February 25, 2025, https://www.floridapolicy.org/posts/a-risky-proposition-weakening-local-governments-by-eliminating-property-tax-revenue.

7 Some descriptions of the REMI model are taken or adapted directly with permission from material supplied by REMI. For example, see https://www.remi.com/models/tax-pi.

8 REMI projections were produced with the support of the National Education Association.

WASHINGTON STATE BUDGET & POLICY CENTER