
SENATE BILL 5249

State of Washington

68th Legislature

2023 Regular Session

By Senator Shewmake

1 AN ACT Relating to expanding eligibility for the working
2 families' tax credit to everyone age 18 and older; amending 2021 c
3 195 s 4 (uncodified); reenacting and amending RCW 82.08.0206;
4 creating a new section; providing an effective date; and providing a
5 contingent expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 82.08.0206 and 2022 c 41 s 1 and 2022 c 33 s 1 are
8 each reenacted and amended to read as follows:

9 (1) A working families' tax credit, in the form of a refund of
10 tax due under this chapter and chapter 82.12 RCW, is provided to
11 eligible low-income persons for sales and use taxes paid under this
12 chapter and chapter 82.12 RCW after January 1, 2022.

13 (2) For purposes of the credit in this section, the following
14 definitions apply:

15 (a) (i) "Eligible low-income person" means an individual who:

16 (A) Is eligible for the credit provided in Title 26 U.S.C. Sec.
17 32 of the internal revenue code; and

18 (B) Properly files a federal income tax return for the prior
19 federal tax year, and was a Washington resident during the year for
20 which the credit is claimed.

21 (ii) "Eligible low-income person" also means an individual who((÷

1 ~~(A) Meets~~) meets the requirements provided in (a)(i)(B) of this
2 subsection(~~;~~~~and~~

3 ~~(B)~~) and:

4 (A) Would otherwise qualify for the credit provided in Title 26
5 U.S.C. Sec. 32 of the internal revenue code except for the fact that
6 the individual filed a federal income tax return for the prior
7 federal tax year using a valid individual taxpayer identification
8 number in lieu of a social security number, and the individual's
9 spouse, if any, and all qualifying children, if any, have a valid
10 individual taxpayer identification number or a social security
11 number; or

12 (B) Would otherwise qualify for the credit provided in Title 26
13 U.S.C. Sec. 32 of the internal revenue code except that they do not
14 meet the age requirement, but are at least age 18 by the end of the
15 prior federal tax year.

16 (b) "Income" means earned income as defined by Title 26 U.S.C.
17 Sec. 32 of the internal revenue code.

18 (c) "Individual" means an individual or an individual and that
19 individual's spouse if they file a federal joint income tax return.

20 (d) "Internal revenue code" means the United States internal
21 revenue code of 1986, as amended, as of June 9, 2022, or such
22 subsequent date as the department may provide by rule consistent with
23 the purpose of this section.

24 (e) "Maximum qualifying income" means the maximum federally
25 adjusted gross income for the prior federal tax year.

26 (f) "Qualifying child" means a qualifying child as defined by
27 Title 26 U.S.C. Sec. 32 of the internal revenue code, except the
28 child may have a valid individual taxpayer identification number in
29 lieu of a social security number.

30 (g) "Washington resident" means an individual who is physically
31 present and residing in this state for at least 183 days. "Washington
32 resident" also includes an individual who is not physically present
33 and residing in this state for at least 183 days but is the spouse of
34 a Washington resident. For purposes of this subsection, "day" means a
35 calendar day or any portion of a calendar day.

36 (3)(a) Except as provided in (b) and (c) of this subsection, for
37 calendar year 2023 and thereafter, the working families' tax credit
38 refund amount for the prior calendar year is:

39 (i) \$300 for eligible persons with no qualifying children;

40 (ii) \$600 for eligible persons with one qualifying child;

1 (iii) \$900 for eligible persons with two qualifying children; or
2 (iv) \$1,200 for eligible persons with three or more qualifying
3 children.

4 (b) Except as provided in (f) of this subsection, the refund
5 amounts provided in (a) of this subsection will be reduced, rounded
6 to the nearest dollar, as follows:

7 (i) For eligible persons with no qualifying children, beginning
8 at \$2,500 of income below the federal phase-out income for the prior
9 federal tax year, by 18 percent per additional dollar of income until
10 the minimum credit amount as specified in (c) of this subsection is
11 reached.

12 (ii) For eligible persons with one qualifying child, beginning at
13 \$5,000 of income below the federal phase-out income for the prior
14 federal tax year, by 12 percent per additional dollar of income until
15 the minimum credit amount as specified in (c) of this subsection is
16 reached.

17 (iii) For eligible persons with two qualifying children,
18 beginning at \$5,000 of income below the federal phase-out income for
19 the prior federal tax year, by 15 percent per additional dollar of
20 income until the minimum credit amount as specified in (c) of this
21 subsection is reached.

22 (iv) For eligible persons with three or more qualifying children,
23 beginning at \$5,000 of income below the federal phase-out income for
24 the prior federal tax year, by 18 percent per additional dollar of
25 income until the minimum credit amount as specified in (c) of this
26 subsection is reached.

27 (c) If the refund for an eligible person as calculated in this
28 section is greater than or equal to one cent, but less than \$50, the
29 refund amount is \$50.

30 (d) The refund amounts in this section shall be adjusted for
31 inflation every year beginning January 1, 2024, based upon changes in
32 the consumer price index that are published by November 15th of the
33 previous year for the most recent 12-month period. The adjusted
34 refund amounts must be rounded to the nearest \$5.

35 (e) For purposes of this section, "consumer price index" means,
36 for any 12-month period, the average consumer price index for that
37 12-month period for the Seattle, Washington area for urban wage
38 earners and clerical workers, all items, compiled by the bureau of
39 labor statistics, United States department of labor.

1 (f) The percentage rate of remittance reductions in (b) of this
2 subsection must be adjusted every year beginning January 1, 2023,
3 based on calculations by the department that result in the minimum
4 credit being received at the maximum qualifying income level.

5 (4) The working families' tax credit shall be administered as
6 provided in this subsection.

7 (a) The refund paid under this section will be paid to eligible
8 filers who apply pursuant to this subsection.

9 (i) Application must be made to the department in a form and
10 manner determined by the department. If the application process is
11 initially done electronically, the department must provide a paper
12 application upon request. The application must include any
13 information and documentation as required by the department.

14 (ii) Application for the refund under this section must be made
15 in the year following the year for which the federal tax return was
16 filed, but in no case may any refund be provided for any period
17 before January 1, 2022. The department must use the eligible person's
18 most recent federal tax filing for the tax year for which the refund
19 is being claimed to calculate the refund.

20 (iii) A person may not claim a credit on behalf of a deceased
21 individual. No individual may claim a credit under this section for
22 any year in a disallowance period under Title 26 U.S.C. Sec. 32(k)(1)
23 of the internal revenue code or for any year for which the individual
24 is ineligible to claim the credit in Title 26 U.S.C. Sec. 32 of the
25 internal revenue code by reason of Title 26 U.S.C. Sec. 32(k)(2) of
26 the internal revenue code.

27 (b) The department shall protect the privacy and confidentiality
28 of personal data of refund recipients in accordance with chapter
29 82.32 RCW.

30 (c) The department shall, in conjunction with other agencies or
31 organizations, design and implement a public information campaign to
32 inform potentially eligible persons of the existence of, and
33 requirements for, the credit provided in this section.

34 (d) The department must work with the internal revenue service to
35 administer the credit on an automatic basis as soon as practicable.

36 (5) Receipt of the refund under this section may not be used in
37 eligibility determinations for any state income support programs or
38 in making public charge determinations.

39 (6) The department may adopt rules necessary to implement this
40 section. This includes establishing a date by which applications will

1 be accepted, with the aim of accepting applications as soon as
2 possible.

3 (7) The department must review the application and determine
4 eligibility for the working families' tax credit based on information
5 provided by the applicant and through audit and other administrative
6 records, including, when it deems it necessary, verification through
7 internal revenue service data.

8 (8) If, upon review of internal revenue service data or other
9 information obtained by the department, it appears that an individual
10 received a refund that the individual was not entitled to, or
11 received a larger refund than the individual was entitled to, the
12 department may assess against the individual the overpaid amount. The
13 department may also assess such overpaid amount against the
14 individual's spouse if the refund in question was based on both
15 spouses filing a joint federal income tax return for the year for
16 which the refund was claimed.

17 (a) Interest as provided under RCW 82.32.050 applies to
18 assessments authorized under this subsection (8) starting six months
19 after the date the department issued the assessment until the amount
20 due under this subsection (8) is paid in full to the department.
21 Except as otherwise provided in this subsection, penalties may not be
22 assessed on amounts due under this subsection.

23 (b) If an amount due under this subsection is not paid in full by
24 the date due, or the department issues a warrant for the collection
25 of amounts due under this subsection, the department may assess the
26 applicable penalties under RCW 82.32.090. Penalties under this
27 subsection (8)(b) may not be made due until six months after the
28 department's issuance of the assessment.

29 (c) If the department finds by clear, cogent, and convincing
30 evidence that an individual knowingly submitted, caused to be
31 submitted, or consented to the submission of, a fraudulent claim for
32 refund under this section, the department must assess a penalty of 50
33 percent of the overpaid amount. This penalty is in addition to any
34 other applicable penalties assessed in accordance with (b) of this
35 subsection (8).

36 (9) If, within the period allowed for refunds under RCW
37 82.32.060, the department finds that an individual received a lesser
38 refund than the individual was entitled to, the department must remit
39 the additional amount due under this section to the individual.

1 (10) Interest does not apply to refunds provided under this
2 section.

3 (11) Chapter 82.32 RCW applies to the administration of this
4 section.

5 **Sec. 2.** 2021 c 195 s 4 (uncodified) is amended to read as
6 follows:

7 (1) This section is the tax preference performance statement for
8 the tax preference contained in section 2, chapter 195, Laws of 2021
9 and section 1, chapter . . ., Laws of 2023 (section 1 of this act).
10 This performance statement is only intended to be used for subsequent
11 evaluation of the tax preference. It is not intended to create a
12 private right of action by any party or be used to determine
13 eligibility for the preferential tax treatment.

14 (2) The legislature categorizes this tax preference as one
15 intended to provide tax relief for certain individuals as indicated
16 in RCW 82.32.808(2) (e).

17 (3) It is the legislature's specific public policy objective to
18 allow low-income and middle-income workers to recover some or all of
19 the sales tax they pay to support state and local government as a way
20 to increase their economic security and to decrease the regressivity
21 of our state tax code. It is the legislature's intent to provide a
22 sales and use tax credit, in the form of a remittance, to low-income
23 and middle-income working families.

24 (4) The joint legislative audit and review committee shall review
25 this preference in 2028 and every 10 years thereafter. If a review
26 finds that the working families' tax credit does not provide
27 meaningful financial relief to low-income and middle-income
28 households, (~~this act shall~~) RCW 82.08.0206 expires at the end of
29 the calendar year two years after the adoption of the final report
30 containing that finding. The joint legislative audit and review
31 committee shall provide written notice of the expiration date of RCW
32 82.08.0206 to affected parties, the department of revenue, the chief
33 clerk of the house of representatives, the secretary of the senate,
34 the office of the code reviser, and others as deemed appropriate by
35 the joint legislative audit and review committee. In its review of
36 the program, the joint legislative audit and review committee should
37 use at least the following metrics: Size of the benefit per
38 household, number of household beneficiaries statewide, and

1 demographic information of beneficiaries to include family size,
2 income level, race and ethnicity, and geographic location.

3 (5) In order to obtain the data necessary to perform the review
4 in subsection (4) of this section, the joint legislative audit and
5 review committee may refer to the remittance data prepared by the
6 department of revenue.

7 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2024.

8 NEW SECTION. **Sec. 4.** RCW 82.32.805 does not apply to this act.

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