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HOUSE BILL 1890

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State of Washington

63rd Legislature

2013 Regular Session

**By** Representatives Reykdal, Jinkins, Appleton, Moscoso, Sawyer, Lytton, Fitzgibbon, Ormsby, Freeman, Green, Ryu, Roberts, Goodman, McCoy, Hunt, Hudgins, Pollet, Sells, Bergquist, Van De Wege, Fey, Lias, Dunshee, Riccelli, Kirby, Farrell, and Tarleton

Read first time 02/14/13. Referred to Committee on Finance.

1 AN ACT Relating to modifying sales tax exemptions for working  
2 families; amending RCW 82.08.0206; and repealing RCW 82.08.0273.

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

4 NEW SECTION. **Sec. 1.** RCW 82.08.0273 (Exemptions--Sales to  
5 nonresidents of tangible personal property, digital goods, and digital  
6 codes for use outside the state--Proof of nonresident status--  
7 Penalties) and 2011 c 7 s 1, 2010 c 106 s 215, 2009 c 535 s 512, 2007  
8 c 135 s 2, 2003 c 53 s 399, 1993 c 444 s 1, 1988 c 96 s 1, 1982 1st  
9 ex.s. c 5 s 1, & 1980 c 37 s 39 are each repealed.

10 **Sec. 2.** RCW 82.08.0206 and 2008 c 325 s 2 are each amended to read  
11 as follows:

12 (1) A working families' tax exemption, in the form of a remittance  
13 tax due under this chapter and chapter 82.12 RCW, is provided to  
14 eligible low-income persons for sales taxes paid under this chapter  
15 after January 1, 2008.

16 (2) For purposes of the exemption in this section, an eligible low-  
17 income person is:

1 (a) An individual, or an individual and that individual's spouse if  
2 they file a federal joint income tax return;

3 (b) (~~{An individual who}~~) An individual who is eligible for~~((,~~  
4 ~~and is granted,~~) and applies for the credit provided in ~~((Title))~~ 26  
5 U.S.C. Sec. 32 of the federal internal revenue code; and

6 (c) (~~{An individual who}~~) An individual who properly files a  
7 federal income tax return as a Washington resident, and has been a  
8 resident of the state of Washington more than one hundred eighty days  
9 of the year for which the exemption is claimed.

10 (3) For remittances made in ~~((2009 and 2010, the working families'~~  
11 ~~tax exemption for the prior year is a retail sales tax exemption equal~~  
12 ~~to the greater of five percent of the credit granted as a result of~~  
13 ~~Title 26 U.S.C. Sec. 32 in the most recent year for which data is~~  
14 ~~available or twenty five dollars. For 2011 and thereafter, the working~~  
15 ~~families' tax exemption for the prior year is equal to the greater of~~  
16 ~~ten percent of the credit granted as a result of Title 26 U.S.C. Sec.~~  
17 ~~32))~~ 2014 and thereafter, the working families' tax exemption for the  
18 prior year is equal to a minimum of three and one-half percent of the  
19 eligible credit applied for as a result of 26 U.S.C. Sec. 32 of the  
20 federal internal revenue code in the most recent year for which data is  
21 available ~~((or fifty dollars))~~.

22 (4) For any fiscal period, ~~((the working families' tax exemption~~  
23 ~~authorized under this section shall be approved by the legislature in~~  
24 ~~the state omnibus appropriations act before persons may claim the~~  
25 ~~exemption during the fiscal period))~~ the legislature may appropriate  
26 additional funding to increase the exemption amount in subsection (3)  
27 of this section in the state omnibus appropriations act.

28 (5) The working families' tax exemption shall be administered as  
29 provided in this subsection.

30 (a) An eligible low-income person claiming an exemption under this  
31 section must pay the tax imposed under chapters 82.08, 82.12, and 82.14  
32 RCW in the year for which the exemption is claimed. The eligible low-  
33 income person may then apply to the department for the remittance as  
34 calculated under subsection (3) of this section.

35 (b) Application shall be made to the department in a form and  
36 manner determined by the department, but the department must provide  
37 alternative filing methods for applicants who do not have access to  
38 electronic filing.

1 (c) Application for the exemption remittance under this section  
2 must be made in the year following the year for which the federal  
3 return was filed, but in no case may any remittance be provided for any  
4 period before January 1, 2008. The department may use the best  
5 available data to process the exemption remittance. The department  
6 shall begin accepting applications October 1, 2009.

7 (d) The department shall review the application and determine  
8 eligibility for the working families' tax exemption based on  
9 information provided by the applicant and through audit and other  
10 administrative records, including, when it deems it necessary,  
11 verification through internal revenue service data.

12 (e) The department shall remit the exempted amounts to eligible  
13 low-income persons who submitted applications. Remittances may be made  
14 by electronic funds transfer or other means.

15 (f) The department may, in conjunction with other agencies or  
16 organizations, design and implement a public information campaign to  
17 inform potentially eligible persons of the existence of and  
18 requirements for this exemption.

19 (g) The department may contact persons who appear to be eligible  
20 low-income persons as a result of information received from the  
21 internal revenue service under such conditions and requirements as the  
22 internal revenue service may by law require.

23 (6) The provisions of chapter 82.32 RCW apply to the exemption in  
24 this section.

25 (7) The department may adopt rules necessary to implement this  
26 section.

27 (8) The department shall limit its costs for the exemption program  
28 to the initial start-up costs to implement the program. The state  
29 omnibus appropriations act shall specify funding to be used for the  
30 ongoing administrative costs of the program. These ongoing  
31 administrative costs include, but are not limited to, costs for: The  
32 processing of internet and mail applications, verification of  
33 application claims, compliance and collections, additional full-time  
34 employees at the department's call center, processing warrants,  
35 updating printed materials and web information, media advertising, and  
36 support and maintenance of computer systems.

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