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HOUSE BILL 1888

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State of Washington

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2022 Regular Session

By Representatives Thai, Berry, Ortiz-Self, Ryu, Peterson, Shewmake, Goodman, Ormsby, J. Johnson, Bronoske, Tharinger, Senn, Ramel, Taylor, Stokesbary, Frame, Riccelli, Lekanoff, Fey, Davis, Bateman, Macri, Harris-Talley, and Young

Read first time 01/11/22. Referred to Committee on Finance.

1 AN ACT Relating to allowing the department of revenue to adjust  
2 the rates of remittance reductions in the working families' tax  
3 credit in order to align with federal maximum qualifying income  
4 levels; and amending RCW 82.08.0206.

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

6 **Sec. 1.** RCW 82.08.0206 and 2021 c 195 s 2 are each amended to  
7 read as follows:

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

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

14 (a)(i) Except as provided in (a)(ii) of this subsection,  
15 "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; and

18 (B) Properly files a federal income tax return as a Washington  
19 resident, and has been a resident of the state of Washington more  
20 than one hundred eighty days of the year for which the exemption is  
21 claimed.

1 (ii) "Eligible low-income person" also means an individual who:  
2 (A) Meets the requirements provided in (a)(i)(B) of this  
3 subsection; and  
4 (B) Would otherwise qualify for the credit provided in Title 26  
5 U.S.C. Sec. 32 except for the fact that the individual filed a  
6 federal tax return in the prior year using a valid individual  
7 taxpayer identification number in lieu of a social security number,  
8 or the individual has a spouse or dependent without a social security  
9 number.

10 (b) "Income" means earned income as defined by Title 26 U.S.C.  
11 Sec. 32.

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

14 (d) "Maximum qualifying income" means the maximum federally  
15 adjusted gross income for the prior federal tax year.

16 (e) "Qualifying child" means a qualifying child as defined by  
17 Title 26 U.S.C. Sec. 32, except the child may have a valid individual  
18 taxpayer identification number in lieu of a social security number.

19 (3)(a) Except as provided in (b) and (c) of this subsection, for  
20 2023 and thereafter, the working families' tax remittance amount for  
21 the prior year is:

22 (i) \$300 for eligible persons with no qualifying children;  
23 (ii) \$600 for eligible persons with one qualifying child;  
24 (iii) \$900 for eligible persons with two qualifying children; or  
25 (iv) \$1,200 for eligible persons with three or more qualifying  
26 children.

27 (b) (~~The~~) Except as provided in (f) of this subsection, the  
28 remittance amounts provided in (a) of this subsection will be  
29 reduced, rounded to the nearest dollar, as follows:

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

35 (ii) For eligible persons with one qualifying child, beginning at  
36 \$5,000 of income below the federal phase-out income for the prior  
37 federal tax year, by 12 percent per additional dollar of income until  
38 the minimum credit amount as specified in (c) of this subsection is  
39 reached.

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

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

11 (c) If the remittance for an eligible person as calculated in  
12 this section is greater than one cent, but less than \$50, the  
13 remittance amount is \$50.

14 (d) The remittance amounts in this section shall be adjusted for  
15 inflation every year beginning January 1, 2024, based upon changes in  
16 the consumer price index during the previous calendar year.

17 (e) For purposes of this section, "consumer price index" means,  
18 for any calendar year, that year's average consumer price index for  
19 the Seattle, Washington area for urban wage earners and clerical  
20 workers, all items, compiled by the bureau of labor statistics,  
21 United States department of labor.

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

26 (4) The working families' tax exemption shall be administered as  
27 provided in this subsection.

28 (a) The remittance paid under this section will be paid to  
29 eligible filers who apply pursuant to this subsection.

30 (i) Application must be made to the department in a form and  
31 manner determined by the department. If the application process is  
32 initially done electronically, the department must provide a paper  
33 application upon request. The application must include any  
34 information and documentation as required by the department.

35 (ii) Application for the remittance under this section must be  
36 made in the year following the year for which the federal return was  
37 filed, but in no case may any remittance be provided for any period  
38 before January 1, 2022. The department must use the eligible person's  
39 most recent federal tax filing to process the remittance.

1 (iii) A person may not claim an exemption on behalf of a deceased  
2 individual. No individual may claim an exemption under this section  
3 for any year in a disallowance period under Title 26 U.S.C. Sec.  
4 32(k)(1) or for any year for which the individual is ineligible to  
5 claim the credit in Title 26 U.S.C. Sec. 32 by reason of Title 26  
6 U.S.C. Sec. 32(k)(2).

7 (b) The department shall protect the privacy and confidentiality  
8 of personal data of remittance recipients in accordance with chapter  
9 82.32 RCW.

10 (c) The department shall, in conjunction with other agencies or  
11 organizations, design and implement a public information campaign to  
12 inform potentially eligible persons of the existence of, and  
13 requirements for, this section.

14 (d) The department must work with the internal revenue service to  
15 administer the exemption on an automatic basis as soon as  
16 practicable.

17 (5) Receipt of the remittance under this section may not be used  
18 in eligibility determinations for any state income support programs  
19 or in making public charge determinations.

20 (6) The department may adopt rules necessary to implement this  
21 section. This includes establishing a date by which applications will  
22 be accepted, with the aim of accepting applications as soon as  
23 possible. The department may gather necessary data through audit and  
24 other administrative records, including verification through internal  
25 revenue service data.

26 (7) The department must review the application and determine  
27 eligibility for the working families' tax exemption based on  
28 information provided by the applicant and through audit and other  
29 administrative records, including, when it deems it necessary,  
30 verification through internal revenue service data.

31 (8) If, upon review of internal revenue service data or other  
32 information obtained by the department, it appears that an individual  
33 received a remittance that the individual was not entitled to, or  
34 received a larger remittance than the individual was entitled to, the  
35 department may assess against the individual the overpaid amount. The  
36 department may also assess such overpaid amount against the  
37 individual's spouse if the remittance in question was based on both  
38 spouses filing a joint federal income tax return for the year for  
39 which the remittance was claimed.

1           (a) Interest as provided under RCW 82.32.050 applies to  
2 assessments authorized under this subsection (8) starting six months  
3 after the date the department issued the assessment until the amount  
4 due under this subsection (8) is paid in full to the department.  
5 Except as otherwise provided in this subsection, penalties may not be  
6 assessed on amounts due under this subsection.

7           (b) If an amount due under this subsection is not paid in full by  
8 the date due, or the department issues a warrant for the collection  
9 of amounts due under this subsection, the department may assess the  
10 applicable penalties under RCW 82.32.090. Penalties under this  
11 subsection may not be made due until six months after their  
12 assessment.

13           (c) If the department finds by clear, cogent, and convincing  
14 evidence that an individual knowingly submitted, caused to be  
15 submitted, or consented to the submission of, a fraudulent claim for  
16 remittance under this section, the department must assess a penalty  
17 of 50 percent of the overpaid amount. This penalty is in addition to  
18 any other applicable penalties assessed in accordance with (b) of  
19 this subsection (8).

20           (9) If, within the period allowed for refunds under RCW  
21 82.32.060, the department finds that an individual received a lesser  
22 remittance than the individual was entitled to, the department must  
23 remit the additional amount due under this section to the individual.

24           (10) Interest does not apply to remittances provided under  
25 chapter 195, Laws of 2021.

26           (11) Chapter 82.32 RCW applies to the administration of this  
27 section.

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