
HOUSE BILL 2015

State of Washington 67th Legislature 2022 Regular Session

By Representatives Stokesbary, Corry, Chapman, Graham, and Walsh

Read first time 01/17/22. Referred to Committee on Finance.

1 AN ACT Relating to providing sales tax relief by expanding the
2 working families' tax credit; and amending RCW 82.08.0206.

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

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

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

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

12 (a)(i) Except as provided in (a)(ii) of this subsection,
13 "eligible low-income person" means an individual who:

14 (A) Is eligible for the credit provided in Title 26 U.S.C. Sec.
15 32; and

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

20 (ii) "Eligible low-income person" also means an individual who:

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

3 (B) Would otherwise qualify for the credit provided in Title 26
4 U.S.C. Sec. 32 except for the fact that (~~the~~) either or both:

5 (I) The individual filed a federal tax return in the prior year
6 using a valid individual taxpayer identification number in lieu of a
7 social security number, or the individual has a spouse or dependent
8 without a social security number;

9 (II) The individual has a state qualifying income level that
10 meets state qualifying income levels as determined by the department.

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

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

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

18 (e) "State qualifying income level" means an amount determined by
19 the department every year beginning January 1, 2023, that is two
20 times the qualifying federal income level for any filers with
21 dependents.

22 (3)(a) Except as provided in (b) and (c) of this subsection, for
23 2023 and thereafter, the base working families' tax remittance amount
24 for the prior year is:

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

26 (ii) (~~(\$600)~~) \$1,200 for eligible persons with one qualifying
27 child;

28 (iii) (~~(\$900)~~) \$1,800 for eligible persons with two qualifying
29 children; or

30 (iv) (~~(\$1,200)~~) \$2,400 for eligible persons with three or more
31 qualifying children.

32 (b) The remittance amounts provided in (a) of this subsection
33 will be reduced, rounded to the nearest dollar, as follows:

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

39 (ii) For eligible persons with one qualifying child, beginning at
40 \$5,000 of income below two times the federal phase-out income for the

1 prior federal tax year, by 12 percent per additional dollar of income
2 until the minimum credit amount as specified in (c) of this
3 subsection is reached.

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

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

14 (c)(i) If the remittance for an eligible person with no
15 qualifying children as calculated in this section is greater than one
16 cent, but less than \$50, the remittance amount is \$50.

17 (ii) If the remittance for an eligible person with one or more
18 qualifying children as calculated in this section is greater than one
19 cent, but less than half the base remittance identified in (a) of
20 this subsection, the remittance amount is half the base credit
21 identified in (a) of this subsection based on the eligible person's
22 number of qualifying children.

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

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

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

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

35 (i) Application must be made to the department in a form and
36 manner determined by the department. If the application process is
37 initially done electronically, the department must provide a paper
38 application upon request. The application must include any
39 information and documentation as required by the department.

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

6 (iii) A person may not claim an exemption on behalf of a deceased
7 individual. No individual may claim an exemption under this section
8 for any year in a disallowance period under Title 26 U.S.C. Sec.
9 32(k)(1) or for any year for which the individual is ineligible to
10 claim the credit in Title 26 U.S.C. Sec. 32 by reason of Title 26
11 U.S.C. Sec. 32(k)(2).

12 (b) The department shall protect the privacy and confidentiality
13 of personal data of remittance recipients in accordance with chapter
14 82.32 RCW.

15 (c) The department shall, 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 section.

19 (d) The department must work with the internal revenue service to
20 administer the exemption on an automatic basis as soon as
21 practicable.

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

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

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

36 (8) If, upon review of internal revenue service data or other
37 information obtained by the department, it appears that an individual
38 received a remittance that the individual was not entitled to, or
39 received a larger remittance than the individual was entitled to, the
40 department may assess against the individual the overpaid amount. The

1 department may also assess such overpaid amount against the
2 individual's spouse if the remittance in question was based on both
3 spouses filing a joint federal income tax return for the year for
4 which the remittance was claimed.

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

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

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

24 (9) If, within the period allowed for refunds under RCW
25 82.32.060, the department finds that an individual received a lesser
26 remittance than the individual was entitled to, the department must
27 remit the additional amount due under this section to the individual.

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

30 (11) Chapter 82.32 RCW applies to the administration of this
31 section.

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