
SENATE BILL 5424

State of Washington

67th Legislature

2021 Regular Session

By Senators Wilson, L., Braun, Brown, Fortunato, Holy, Keiser, and Rivers

Read first time 02/04/21. Referred to Committee on Human Services, Reentry & Rehabilitation.

1 AN ACT Relating to providing financial relief for working
2 families; amending RCW 82.08.0206; and creating a new section.

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

4 **Sec. 1.** RCW 82.08.0206 and 2008 c 325 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, ~~((2008))~~ 2022.

10 (2) For purposes of the exemption in this section, ~~((an eligible
11 low-income person is))~~ the following definitions apply:

12 (a) ~~((An))~~ "Eligible low-income person" means an individual~~((, or
13 an individual and that individual's spouse if they file a federal
14 joint income tax return;~~

15 ~~(b) [An individual who] Who is))~~ who:

16 (i) Is eligible for~~((, and is granted,))~~ the credit provided in
17 Title 26 U.S.C. Sec. 32; and

18 ~~((c) [An individual who] Who properly))~~ (ii) Properly files a
19 federal income tax return as a Washington resident, and has been a
20 resident of the state of Washington more than one hundred eighty days
21 of the year for which the exemption is claimed.

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

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

5 ~~(3) ((For remittances made in 2009 and 2010, the working~~
6 ~~families' tax exemption for the prior year is a retail sales tax~~
7 ~~exemption equal to the greater of five percent of the credit granted~~
8 ~~as a result of Title 26 U.S.C. Sec. 32 in the most recent year for~~
9 ~~which data is available or twenty-five dollars. For 2011)) (a) For~~
10 ~~2023 and thereafter, the working families' tax ((exemption))~~
11 ~~remittance amount for the prior year is equal to the greater of ten~~
12 ~~percent of the credit granted as a result of Title 26 U.S.C. Sec. 32~~
13 ~~in the most recent year for which data is available or fifty dollars.~~

14 (b) If the remittance for an eligible person as calculated in
15 this section is greater than one cent, but less than \$50, the
16 remittance amount is \$50.

17 ~~(4) ((For any fiscal period, the working families' tax exemption~~
18 ~~authorized under this section shall be approved by the legislature in~~
19 ~~the state omnibus appropriations act before persons may claim the~~
20 ~~exemption during the fiscal period.~~

21 ~~(5)) The working families' tax exemption shall be administered~~
22 ~~as provided in this subsection.~~

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

28 ~~(b) Application shall be made to the department in a form and~~
29 ~~manner determined by the department, but the department must provide~~
30 ~~alternative filing methods for applicants who do not have access to~~
31 ~~electronic filing.~~

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

38 ~~(d) The department shall review the application and determine~~
39 ~~eligibility for the working families' tax exemption based on~~
40 ~~information provided by the applicant and through audit and other~~

1 administrative records, including, when it deems it necessary,
2 verification through internal revenue service data.

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

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

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

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

16 (7) The department may adopt rules necessary to implement this
17 section.

18 (8) The department shall limit its costs for the exemption
19 program to the initial start-up costs to implement the program. The
20 state omnibus appropriations act shall specify funding to be used for
21 the ongoing administrative costs of the program. These ongoing
22 administrative costs include, but are not limited to, costs for: The
23 processing of internet and mail applications, verification of
24 application claims, compliance and collections, additional full-time
25 employees at the department's call center, processing warrants,
26 updating printed materials and web information, media advertising,
27 and support and maintenance of computer systems.)

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). Except as otherwise
3 provided in this subsection, penalties may not be assessed on amounts
4 due under this subsection.

5 (b) If an amount due under this subsection is not paid in full by
6 the date due, or the department issues a warrant for the collection
7 of amounts due under this subsection, the department may assess the
8 applicable penalties under RCW 82.32.090.

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

16 (9) If, within the period allowed for refunds under RCW
17 82.32.060, the department finds that an individual received a lesser
18 remittance than the individual was entitled to, the department must
19 remit the additional amount due under this section to the individual.

20 (10) Interest does not apply to remittances provided under this
21 act.

22 (11) 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.

26 NEW SECTION. Sec. 2. The provisions of RCW 82.32.805 and
27 82.32.808 do not apply to this act.

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