

# FINAL BILL REPORT

## HB 1218

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Synopsis as Enacted

**Brief Description:** Adding a new caseload for the official caseload forecast for the number of people eligible for the working families' tax credit under RCW 82.08.0206.

**Sponsors:** Representatives Bergquist, Stokesbary, Tharinger, Doglio and Macri; by request of Office of Financial Management.

**House Committee on Appropriations**

**Senate Committee on Ways & Means**

### **Background:**

#### Working Families' Tax Credit.

The Working Families' Tax Credit (WFTC) is a state program for low- to moderate-income families that offers a partial refund credit against sales and use taxes paid. To be eligible for credit payments, a person must:

- have filed a federal tax return;
- meet the requirements for the federal Earned Income Tax Credit (EITC), or would meet the requirements for the EITC, but are filing with an Individual Taxpayer Identification Number;
- be at least 25 and under 65 years of age, or have a qualifying child; and
- have lived in Washington for a minimum of 183 days.

The amount of the credit varies depending on the number of qualifying children and the filer's income level. The minimum credit amount for all eligible persons that apply is \$50. The maximum credit amount for the WFTC is reduced by varying percentages at income levels based around the maximum adjusted gross income for the federal EITC, which changes annually. The rates of credit reduction also vary based on the number of qualifying children.

To receive a credit, eligible persons must apply to the Department of Revenue (DOR). The DOR has authority to adopt rules necessary to implement and administer the program.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Caseload Forecast Council.

The Caseload Forecast Council (CFC) is a state agency charged with preparing official state forecasts of the number of persons expected to meet entitlement requirements and to require the services of certain public assistance programs, including foster care, adoption support, the prison population, kindergarten through grade 12 students, Medicaid, and other specified programs. The CFC itself consists of two individuals appointed by the Governor, and four individuals, one of whom is appointed by the chairperson of each of the two largest political caucuses in the Senate and the House of Representatives.

Operating Budget.

A two-year biennial operating budget appropriates funding for the operation of state government and is adopted every odd-numbered year. Supplemental budgets frequently are enacted in each of the following two years after adoption of the biennial budget.

Budget decisions are often categorized as being either a maintenance level or a policy level decision. For the purpose of the four-year budget outlook, maintenance level has been defined to mean the estimated appropriations necessary to maintain the continuing costs of program and service levels either funded in the prior biennium or otherwise mandated by other state or federal law. Maintenance level items typically include adjustments for the forecasted changes in entitlement caseloads or enrollments and other mandatory expenses.

All other budget decisions are typically categorized as policy items. Examples include creating a new program, eliminating a current program, increasing or decreasing vendor or employee payment rates, expanding or contracting program eligibility, and expanding or contracting the value of services provided by a program.

**Summary:**

Beginning with the official forecast submitted in November 2023, the Caseload Forecast Council must forecast the number of people eligible for the Working Families' Tax Credit (WFTC). The total number of people eligible for the WFTC should include:

- the number of eligible people with no qualifying children;
- the number of eligible people with one qualifying child;
- the number of eligible people with two qualifying children; and
- the number of eligible people with three or more qualifying children.

**Votes on Final Passage:**

House	97	0
Senate	49	0

**Effective:** July 23, 2023