
SENATE BILL 5839

State of Washington

68th Legislature

2024 Regular Session

By Senators Nguyen, Kuderer, Lias, Nobles, Saldaña, Stanford, and C. Wilson; by request of Department of Revenue

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1 AN ACT Relating to modifying the working families' tax credit by
2 clarifying the refundable nature of the credit, the application
3 requirements, and the eligibility verification process; reenacting
4 and amending RCW 82.08.0206; and creating a new section.

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

6 **Sec. 1.** RCW 82.08.0206 and 2023 c 456 s 1 and 2023 c 374 s 10
7 are each reenacted and amended to read as follows:

8 (1) A working families' tax credit, (~~in the form of a refund of~~
9 ~~tax due under this chapter and chapter 82.12 RCW~~) funded by sales
10 and use tax imposed, is provided to eligible low-income persons for
11 (~~sales and use taxes paid under this chapter and chapter 82.12 RCW~~)
12 calendar years beginning on or after January 1, 2022. The credit is
13 refundable and is calculated as provided in this section.

14 (2) For purposes of the credit in this section, the following
15 definitions apply:

16 (a) (i) "Eligible low-income person" means an individual who:

17 (A) Is eligible for the credit provided in Title 26 U.S.C. Sec.
18 32 of the internal revenue code; (~~and~~)

19 (B) Properly files a federal income tax return for the prior
20 federal tax year, and was a Washington resident during the year for
21 which the credit is claimed; and

1 (C) Has paid either retail sales tax under this chapter or use
2 tax under chapter 82.12 RCW, or both. There is a rebuttable
3 presumption that a person paid either retail sales tax under this
4 chapter or use tax under chapter 82.12 RCW, or both, if they were a
5 Washington resident during the year for which the credit is claimed.

6 (ii) "Eligible low-income person" also means an individual who
7 meets the requirements provided in (a)(i)(B) of this subsection and
8 would otherwise qualify for the credit provided in Title 26 U.S.C.
9 Sec. 32 of the internal revenue code except that one or any
10 combination of the following conditions apply:

11 (A) The individual filed a federal income tax return for the
12 prior federal tax year using a valid individual taxpayer
13 identification number in lieu of a social security number, and the
14 individual's spouse, if any, and all qualifying children, if any,
15 have a valid individual taxpayer identification number or a social
16 security number; or

17 (B) The individual filed their federal income tax return for the
18 prior federal tax year under the married filing separately status.
19 For purposes of the refund provided in this section, the special rule
20 for separated spouse under Title 26 U.S.C. Sec. 32(d)(2)(B) of the
21 internal revenue code does not apply.

22 (b) "Income" means earned income as defined by Title 26 U.S.C.
23 Sec. 32 of the internal revenue code.

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

26 (d) "Internal revenue code" means the United States internal
27 revenue code of 1986, as amended, as of June 9, 2022, or such
28 subsequent date as the department may provide by rule consistent with
29 the purpose of this section.

30 (e) "Maximum qualifying income" means the maximum federally
31 adjusted gross income for the prior federal tax year.

32 (f) "Qualifying child" means a qualifying child as defined by
33 Title 26 U.S.C. Sec. 32 of the internal revenue code, except the
34 child may have a valid individual taxpayer identification number in
35 lieu of a social security number.

36 (g) "Washington resident" means an individual who is physically
37 present and residing in this state for at least 183 days. "Washington
38 resident" also includes an individual who is not physically present
39 and residing in this state for at least 183 days but is the spouse of

1 a Washington resident. For purposes of this subsection, "day" means a
2 calendar day or any portion of a calendar day.

3 (3) (a) Except as provided in (b) and (c) of this subsection, for
4 calendar year 2023 and thereafter, the working families' tax credit
5 refund amount for the prior calendar year is:

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

7 (ii) \$600 for eligible persons with one qualifying child;

8 (iii) \$900 for eligible persons with two qualifying children; or

9 (iv) \$1,200 for eligible persons with three or more qualifying
10 children.

11 (b) Except as provided in (f) of this subsection, the refund
12 amounts provided in (a) of this subsection will be reduced, rounded
13 to the nearest dollar, as follows:

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

19 (ii) For eligible persons with one qualifying child, beginning at
20 \$5,000 of income below the federal phase-out income for the prior
21 federal tax year, by 12 percent per additional dollar of income until
22 the minimum credit amount as specified in (c) of this subsection is
23 reached.

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

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

34 (c) If the refund for an eligible person as calculated in this
35 section is greater than zero cents, but less than \$50, the refund
36 amount is \$50.

37 (d) The refund amounts in this section shall be adjusted for
38 inflation every year beginning January 1, 2024, based upon changes in
39 the consumer price index that are published by November 15th of the

1 previous year for the most recent 12-month period. The adjusted
2 refund amounts must be rounded to the nearest \$5.

3 (e) For purposes of this section, "consumer price index" means,
4 for any 12-month period, the average consumer price index for that
5 12-month period for the Seattle, Washington area for urban wage
6 earners and clerical workers, all items, compiled by the bureau of
7 labor statistics, United States department of labor.

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

12 (4) The working families' tax credit shall be administered as
13 provided in this subsection.

14 (a) The refund paid under this section will be paid to eligible
15 filers who apply pursuant to this subsection.

16 (i) Application must be made to the department in a form and
17 manner determined by the department. If the application process is
18 initially done electronically, the department must provide a paper
19 application upon request. The application must include any
20 information and documentation as required by the department. The
21 department may use the information provided by the individual to
22 calculate the refund amount. Income reported on the application may
23 be rounded to the nearest dollar.

24 (ii) An individual applying for the credit under this section
25 must keep records necessary for the department to verify eligibility
26 under this section. Any information provided by the individual is
27 subject to audit verification by the department.

28 (iii) In addition to information provided on the application, the
29 department may verify that an individual qualifies as a Washington
30 resident through the use of automated verification tools or other
31 reasonable means.

32 (iv) (A) Except as provided in (a) ~~((ii))~~ (iv) (B) of this
33 subsection (4), application for a refund under this section must be
34 made in the year following the year for which the federal tax return
35 was filed, but in no case may any refund be provided for any period
36 before January 1, 2022. ~~((The department must use the eligible~~
37 ~~person's most recent federal tax filing for the tax year for which~~
38 ~~the refund is being claimed to calculate the refund.))~~

39 (B) (I) A person may apply for any refund for which they were
40 eligible but did not claim under (a) ~~((ii))~~ (iv) (A) of this

1 subsection (4) for up to three additional years. A person must
2 complete an application to claim this refund within the three
3 calendar years after the end of the calendar year in which the
4 federal income tax return for that tax year was legally due for
5 federal income tax purposes, without regard to any federal extension.

6 (II) If a person seeks to increase the amount of a refund that
7 has been made under this subsection (4), the person must apply for
8 the amended refund within the nonclaims period established under RCW
9 82.32.060(1).

10 ~~((III) For applications for refunds under this subsection~~
11 ~~(4)(a)(ii)(B), the department must use the federal tax filing for the~~
12 ~~tax year for which a refund is being claimed to calculate the refund.~~

13 ~~(iii))~~ (v) A person may not claim a credit on behalf of a
14 deceased individual. No individual may claim a credit under this
15 section for any year in a disallowance period under Title 26 U.S.C.
16 Sec. 32(k)(1) of the internal revenue code or for any year for which
17 the individual is ineligible to claim the credit in Title 26 U.S.C.
18 Sec. 32 of the internal revenue code by reason of Title 26 U.S.C.
19 Sec. 32(k)(2) of the internal revenue code.

20 (b) The department shall protect the privacy and confidentiality
21 of personal data of refund recipients in accordance with chapter
22 82.32 RCW.

23 (c) The department shall, in conjunction with other agencies or
24 organizations, design and implement a public information campaign to
25 inform potentially eligible persons of the existence of, and
26 requirements for, the credit provided in this section.

27 (d) The department must work with the internal revenue service of
28 the United States to administer the credit on an automatic basis as
29 soon as practicable.

30 (5) Receipt of a refund under this section may not be used in
31 eligibility determinations for any state income support programs or
32 in making public charge determinations.

33 (6) The department may adopt rules necessary to implement this
34 section. This includes establishing a date by which applications will
35 be accepted, with the aim of accepting applications as soon as
36 possible.

37 (7) The department must review the application and determine
38 eligibility for the working families' tax credit based on information
39 provided by the applicant and through audit and other administrative
40 records, including, when it deems it necessary, verification through

1 information from the internal revenue service ((data)) of the United
2 States, other federal agencies, Washington state agencies, third-
3 party entities, or other persons. The department may accept a signed
4 attestation in a form and manner determined by the department from an
5 individual to presumptively validate that an individual meets all the
6 eligibility requirements as provided in this section. The signed
7 attestation is subject to audit verification by the department to
8 validate an individual's eligibility for the working families' tax
9 credit.

10 (8) If, upon review of internal revenue service data or other
11 information obtained by the department, it appears that an individual
12 received a refund that the individual was not entitled to, or
13 received a larger refund than the individual was entitled to, the
14 department may assess against the individual the overpaid amount. The
15 department may also assess such overpaid amount against the
16 individual's spouse if the refund in question was based on both
17 spouses filing a joint federal income tax return for the year for
18 which the refund was claimed.

19 (a) Interest as provided under RCW 82.32.050 applies to
20 assessments authorized under this subsection (8) starting six months
21 after the date the department issued the assessment until the amount
22 due under this subsection (8) is paid in full to the department.
23 Except as otherwise provided in this subsection, penalties may not be
24 assessed on amounts due under this subsection.

25 (b) If an amount due under this subsection is not paid in full by
26 the date due, or the department issues a warrant for the collection
27 of amounts due under this subsection, the department may assess the
28 applicable penalties under RCW 82.32.090. Penalties under this
29 subsection (8)(b) may not be made due until six months after the
30 department's issuance of the assessment.

31 (c) If the department finds by clear, cogent, and convincing
32 evidence that an individual knowingly submitted, caused to be
33 submitted, or consented to the submission of, a fraudulent claim for
34 refund under this section, the department must assess a penalty of 50
35 percent of the overpaid amount. This penalty is in addition to any
36 other applicable penalties assessed in accordance with (b) of this
37 subsection (8).

38 (9) If, within the period allowed for refunds under RCW
39 82.32.060, the department finds that an individual received a lesser

1 refund than the individual was entitled to, the department must remit
2 the additional amount due under this section to the individual.

3 (10) Interest does not apply to refunds provided under this
4 section.

5 (11) Chapter 82.32 RCW applies to the administration of this
6 section.

7 NEW SECTION. **Sec. 2.** This act applies both prospectively and
8 retroactively to January 1, 2023.

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