
SUBSTITUTE SENATE BILL 5768

State of Washington

69th Legislature

2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Saldaña, Cleveland, Cortes, Dhingra, Frame, Krishnadasan, Nobles, Riccelli, Slatter, Stanford, Trudeau, Valdez, and C. Wilson)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to expanding eligibility for the working
2 families' tax credit to everyone age 18 and older; amending RCW
3 82.08.0206; amending 2023 c 456 s 3 (uncodified); creating new
4 sections; and providing an effective date.

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

6 **Sec. 1.** RCW 82.08.0206 and 2024 c 3 s 1 are each amended to read
7 as follows:

8 (1) A working families' tax credit, funded by sales and use tax
9 imposed, is provided to eligible low-income persons for calendar
10 years beginning on or after January 1, 2022. The credit is refundable
11 and is calculated as provided in this section.

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

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

15 (A) Is eligible for the credit provided in Title 26 U.S.C. Sec.
16 32 of the internal revenue code;

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

20 (C) Has paid either retail sales tax under this chapter or use
21 tax under chapter 82.12 RCW, or both. There is a rebuttable

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

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

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

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

20 (C) The individual does not meet the age requirement under Title
21 26 U.S.C. Sec. 32(c)(1)(A)(ii)(II) of the internal revenue code, but
22 is at least age 18 by the end of the prior federal tax year.

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

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

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

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

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

37 (g) "Washington resident" means an individual who is physically
38 present and residing in this state for at least 183 days. "Washington
39 resident" also includes an individual who is not physically present
40 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) (iv) (B) of this subsection (4),
33 application for a refund under this section must be made in the year
34 following the year for which the federal tax return was filed, but in
35 no case may any refund be provided for any period before January 1,
36 2022.

37 (B) (I) A person may apply for any refund for which they were
38 eligible but did not claim under (a) (iv) (A) of this subsection (4)
39 for up to three additional years. A person must complete an
40 application to claim this refund within the three calendar years

1 after the end of the calendar year in which the federal income tax
2 return for that tax year was legally due for federal income tax
3 purposes, without regard to any federal extension.

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

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

15 (b) The department shall protect the privacy and confidentiality
16 of personal data of refund recipients in accordance with chapter
17 82.32 RCW.

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

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

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

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

32 (7) The department must review the application and determine
33 eligibility for the working families' tax credit based on information
34 provided by the applicant and through audit and other administrative
35 records, including, when it deems it necessary, verification through
36 information from the internal revenue service of the United States,
37 other federal agencies, Washington state agencies, third-party
38 entities, or other persons. The department may accept a signed
39 attestation in a form and manner determined by the department from an
40 individual to presumptively validate that an individual meets all the

1 eligibility requirements as provided in this section. The signed
2 attestation is subject to audit verification by the department to
3 validate an individual's eligibility for the working families' tax
4 credit.

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

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

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

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

33 (9) If, within the period allowed for refunds under RCW
34 82.32.060, the department finds that an individual received a lesser
35 refund than the individual was entitled to, the department must remit
36 the additional amount due under this section to the individual.

37 (10) Interest does not apply to refunds provided under this
38 section.

39 (11) Chapter 82.32 RCW applies to the administration of this
40 section.

1 **Sec. 2.** 2023 c 456 s 3 (uncodified) is amended to read as
2 follows:

3 (1) This section is the tax preference performance statement for
4 the tax preference contained in section 2, chapter 195, Laws of 2021
5 (~~and~~), section 1, chapter 456, Laws of 2023, and section 1,
6 chapter . . ., Laws of 2025 (section 1 of this act). This performance
7 statement is only intended to be used for subsequent evaluation of
8 the tax preference. It is not intended to create a private right of
9 action by any party or be used to determine eligibility for the
10 preferential tax treatment.

11 (2) The legislature categorizes this tax preference as one
12 intended to provide tax relief for certain individuals as indicated
13 in RCW 82.32.808(2) (e).

14 (3) It is the legislature's specific public policy objective to
15 allow low-income and middle-income workers to recover some or all of
16 the sales tax they pay to support state and local government as a way
17 to increase their economic security and to decrease the regressivity
18 of our state tax code. It is the legislature's intent to provide a
19 sales and use tax credit, in the form of a remittance, to low-income
20 and middle-income working families.

21 (4) The joint legislative audit and review committee shall review
22 this preference in 2028 and every 10 years thereafter. If a review
23 finds that the working families' tax credit does not provide
24 meaningful financial relief to low-income and middle-income
25 households, RCW 82.08.0206 expires at the end of the calendar year
26 two years after the adoption of the final report containing that
27 finding. The joint legislative audit and review committee shall
28 provide written notice of the expiration date of RCW 82.08.0206 to
29 the department of revenue, the chief clerk of the house of
30 representatives, the secretary of the senate, the office of the code
31 reviser, and others as deemed appropriate by the joint legislative
32 audit and review committee. In its review of the program, the joint
33 legislative audit and review committee should use at least the
34 following metrics: Size of the benefit per household, number of
35 household beneficiaries statewide, and demographic information of
36 beneficiaries to include family size, income level, race and
37 ethnicity, and geographic location. (5) In order to obtain the data
38 necessary to perform the review in subsection (4) of this section,
39 the joint legislative audit and review committee may refer to the
40 remittance data prepared by the department of revenue.

1 NEW SECTION. **Sec. 3.** RCW 82.32.805 does not apply to this act.

2 NEW SECTION. **Sec. 4.** This act takes effect January 1, 2026.

3 NEW SECTION. **Sec. 5.** If specific funding for the purposes of
4 this act, referencing this act by bill or chapter number, is not
5 provided by June 30, 2025, in the omnibus appropriations act, this
6 act is null and void.

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