
HOUSE BILL 1000

State of Washington

68th Legislature

2023 Regular Session

By Representatives Stokesbary, Corry, Barkis, Graham, Griffey, Robertson, and Caldier

Prefiled 12/05/22. Read first time 01/09/23. Referred to Committee on Finance.

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

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

5 **Sec. 1.** RCW 82.08.0206 and 2022 c 41 s 1 and 2022 c 33 s 1 are
6 each reenacted and amended to read as follows:

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

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

13 (a) (i) "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 of the internal revenue code; and

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

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

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

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

4 (I) The individual filed a federal income tax return for the
5 prior federal tax year using a valid individual taxpayer
6 identification number in lieu of a social security number, and the
7 individual's spouse, if any, and all qualifying children, if any,
8 have a valid individual taxpayer identification number or a social
9 security number;

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

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

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

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

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

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

26 (g) "State qualifying income level" means an amount determined by
27 the department every year beginning January 1, 2024, that is two
28 times the qualifying federal income level for any filers with
29 dependents.

30 (h) "Washington resident" means an individual who is physically
31 present and residing in this state for at least 183 days. "Washington
32 resident" also includes an individual who is not physically present
33 and residing in this state for at least 183 days but is the spouse of
34 a Washington resident. For purposes of this subsection, "day" means a
35 calendar day or any portion of a calendar day.

36 (3) (a) Except as provided in (b) and (c) of this subsection, for
37 calendar year (~~2023~~) 2024 and thereafter, the base working
38 families' tax credit refund amount for the prior calendar year is:

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

- 1 (ii) (~~(\$600)~~) \$1,200 for eligible persons with one qualifying
2 child;
- 3 (iii) (~~(\$900)~~) \$1,800 for eligible persons with two qualifying
4 children; or
- 5 (iv) (~~(\$1,200)~~) \$2,400 for eligible persons with three or more
6 qualifying children.

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

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

15 (ii) For eligible persons with one qualifying child, beginning at
16 \$5,000 of income below two times the federal phase-out income for the
17 prior federal tax year, by 12 percent per additional dollar of income
18 until the minimum credit amount as specified in (c) of this
19 subsection is reached.

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

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

30 (c) (i) If the refund for an eligible person with no qualifying
31 children as calculated in this section is greater than or equal to
32 one cent, but less than \$50, the refund amount is \$50.

33 (ii) If the refund for an eligible person with one or more
34 qualifying children as calculated in this section is greater than one
35 cent, but less than half the base remittance identified in (a) of
36 this subsection, the refund amount is half the base credit identified
37 in (a) of this subsection based on the eligible person's number of
38 qualifying children.

39 (d) The refund amounts in this section shall be adjusted for
40 inflation every year beginning January 1, 2024, based upon changes in

1 the consumer price index that are published by November 15th of the
2 previous year for the most recent 12-month period. The adjusted
3 refund amounts must be rounded to the nearest \$5.

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

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

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

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

17 (i) Application must be made to the department in a form and
18 manner determined by the department. If the application process is
19 initially done electronically, the department must provide a paper
20 application upon request. The application must include any
21 information and documentation as required by the department.

22 (ii) Application for the refund under this section must be made
23 in the year following the year for which the federal tax return was
24 filed, but in no case may any refund be provided for any period
25 before January 1, 2022. The department must use the eligible person's
26 most recent federal tax filing for the tax year for which the refund
27 is being claimed to calculate the refund.

28 (iii) A person may not claim a credit on behalf of a deceased
29 individual. No individual may claim a credit under this section for
30 any year in a disallowance period under Title 26 U.S.C. Sec. 32(k)(1)
31 of the internal revenue code or for any year for which the individual
32 is ineligible to claim the credit in Title 26 U.S.C. Sec. 32 of the
33 internal revenue code by reason of Title 26 U.S.C. Sec. 32(k)(2) of
34 the internal revenue code.

35 (b) The department shall protect the privacy and confidentiality
36 of personal data of refund recipients in accordance with chapter
37 82.32 RCW.

38 (c) The department shall, in conjunction with other agencies or
39 organizations, design and implement a public information campaign to

1 inform potentially eligible persons of the existence of, and
2 requirements for, the credit provided in this section.

3 (d) The department must work with the internal revenue service to
4 administer the credit on an automatic basis as soon as practicable.

5 (5) Receipt of the refund under this section may not be used in
6 eligibility determinations for any state income support programs or
7 in making public charge determinations.

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

12 (7) The department must review the application and determine
13 eligibility for the working families' tax credit based on information
14 provided by the applicant and through audit and other administrative
15 records, including, when it deems it necessary, verification through
16 internal revenue service data.

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

26 (a) Interest as provided under RCW 82.32.050 applies to
27 assessments authorized under this subsection (8) starting six months
28 after the date the department issued the assessment until the amount
29 due under this subsection (8) is paid in full to the department.
30 Except as otherwise provided in this subsection, penalties may not be
31 assessed on amounts due under this subsection.

32 (b) If an amount due under this subsection is not paid in full by
33 the date due, or the department issues a warrant for the collection
34 of amounts due under this subsection, the department may assess the
35 applicable penalties under RCW 82.32.090. Penalties under this
36 subsection (8)(b) may not be made due until six months after the
37 department's issuance of the assessment.

38 (c) If the department finds by clear, cogent, and convincing
39 evidence that an individual knowingly submitted, caused to be
40 submitted, or consented to the submission of, a fraudulent claim for

1 refund under this section, the department must assess a penalty of 50
2 percent of the overpaid amount. This penalty is in addition to any
3 other applicable penalties assessed in accordance with (b) of this
4 subsection (8).

5 (9) If, within the period allowed for refunds under RCW
6 82.32.060, the department finds that an individual received a lesser
7 refund than the individual was entitled to, the department must remit
8 the additional amount due under this section to the individual.

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

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

13 NEW SECTION. **Sec. 2.** This act takes effect January 1, 2024.

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