

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1888

Chapter 33, Laws of 2022

67th Legislature
2022 Regular Session

WORKING FAMILIES' TAX CREDIT—RATES OF REMITTANCE REDUCTIONS—
ADJUSTMENT

EFFECTIVE DATE: June 9, 2022

Passed by the House February 8, 2022
Yeas 87 Nays 9

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 3, 2022
Yeas 44 Nays 2

DENNY HECK

President of the Senate

Approved March 11, 2022 10:29 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1888** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 11, 2022

**Secretary of State
State of Washington**

HOUSE BILL 1888

Passed Legislature - 2022 Regular Session

State of Washington

67th Legislature

2022 Regular Session

By Representatives Thai, Berry, Ortiz-Self, Ryu, Peterson, Shewmake, Goodman, Ormsby, J. Johnson, Bronoske, Tharinger, Senn, Ramel, Taylor, Stokesbary, Frame, Riccelli, Lekanoff, Fey, Davis, Bateman, Macri, Harris-Talley, and Young

Read first time 01/11/22. Referred to Committee on Finance.

1 AN ACT Relating to allowing the department of revenue to adjust
2 the rates of remittance reductions in the working families' tax
3 credit in order to align with federal maximum qualifying income
4 levels; and amending RCW 82.08.0206.

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

6 **Sec. 1.** RCW 82.08.0206 and 2021 c 195 s 2 are each amended to
7 read as follows:

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

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

14 (a)(i) Except as provided in (a)(ii) of this subsection,
15 "eligible low-income person" means an individual who:

16 (A) Is eligible for the credit provided in Title 26 U.S.C. Sec.
17 32; and

18 (B) Properly files a federal income tax return as a Washington
19 resident, and has been a resident of the state of Washington more
20 than one hundred eighty days of the year for which the exemption is
21 claimed.

1 (ii) "Eligible low-income person" also means an individual who:
2 (A) Meets the requirements provided in (a)(i)(B) of this
3 subsection; and
4 (B) Would otherwise qualify for the credit provided in Title 26
5 U.S.C. Sec. 32 except for the fact that the individual filed a
6 federal tax return in the prior year using a valid individual
7 taxpayer identification number in lieu of a social security number,
8 or the individual has a spouse or dependent without a social security
9 number.

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

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

14 (d) "Maximum qualifying income" means the maximum federally
15 adjusted gross income for the prior federal tax year.

16 (e) "Qualifying child" means a qualifying child as defined by
17 Title 26 U.S.C. Sec. 32, except the child may have a valid individual
18 taxpayer identification number in lieu of a social security number.

19 (3)(a) Except as provided in (b) and (c) of this subsection, for
20 2023 and thereafter, the working families' tax remittance amount for
21 the prior year is:

22 (i) \$300 for eligible persons with no qualifying children;
23 (ii) \$600 for eligible persons with one qualifying child;
24 (iii) \$900 for eligible persons with two qualifying children; or
25 (iv) \$1,200 for eligible persons with three or more qualifying
26 children.

27 (b) (~~The~~) Except as provided in (f) of this subsection, the
28 remittance amounts provided in (a) of this subsection will be
29 reduced, rounded to the nearest dollar, as follows:

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

35 (ii) For eligible persons with one qualifying child, beginning at
36 \$5,000 of income below the federal phase-out income for the prior
37 federal tax year, by 12 percent per additional dollar of income until
38 the minimum credit amount as specified in (c) of this subsection is
39 reached.

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

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

11 (c) If the remittance for an eligible person as calculated in
12 this section is greater than one cent, but less than \$50, the
13 remittance amount is \$50.

14 (d) The remittance amounts in this section shall be adjusted for
15 inflation every year beginning January 1, 2024, based upon changes in
16 the consumer price index during the previous calendar year.

17 (e) For purposes of this section, "consumer price index" means,
18 for any calendar year, that year's average consumer price index for
19 the Seattle, Washington area for urban wage earners and clerical
20 workers, all items, compiled by the bureau of labor statistics,
21 United States department of labor.

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

26 (4) The working families' tax exemption shall be administered as
27 provided in this subsection.

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) starting six months
3 after the date the department issued the assessment until the amount
4 due under this subsection (8) is paid in full to the department.
5 Except as otherwise provided in this subsection, penalties may not be
6 assessed on amounts due under this subsection.

7 (b) If an amount due under this subsection is not paid in full by
8 the date due, or the department issues a warrant for the collection
9 of amounts due under this subsection, the department may assess the
10 applicable penalties under RCW 82.32.090. Penalties under this
11 subsection may not be made due until six months after their
12 assessment.

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

20 (9) If, within the period allowed for refunds under RCW
21 82.32.060, the department finds that an individual received a lesser
22 remittance than the individual was entitled to, the department must
23 remit the additional amount due under this section to the individual.

24 (10) Interest does not apply to remittances provided under
25 chapter 195, Laws of 2021.

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

Passed by the House February 8, 2022.
Passed by the Senate March 3, 2022.
Approved by the Governor March 11, 2022.
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