A Modern Working Families Tax Rebate
Washington’s opportunity to invest in our shared prosperity

Impacts of improving the Working Families Tax Rebate would be widespread

The expanded WFTR would reach almost 40% of tax filers (1.4 million Washingtonians) across the state

- Recipients would receive average annual rebates of $370
- Maximum annual rebates would be $965
- Providing a tax break for low-and moderate-income workers is the best way to rebalance the tax code for those at the bottom and the middle—who pay up to 6 times more in state and local taxes as a share of income than the top 1 percent.

An opportunity to push back against harmful federal tax changes

The expanded Working Families Tax Rebate would mitigate harm caused by recent federal tax changes:

- **Under the Trump tax plan, working Washingtonians could see their medical, retirement, and other federal benefits cut** to pay for costly tax cuts for the wealthiest. A tax break for workers will boost financial security when they need it most.

- **Immigrant workers and their children are denied the Child Tax Credit** under Trump’s new tax plan. And the administration is pushing for revised “public charge” policy that would jeopardize the immigration status of families, many with children who are U.S. citizens, if they access food or healthcare assistance. Providing tax relief at the state level will help immigrant workers care for their families and put food on the table.
Building on the success of the federal Earned Income Tax Credit (EITC)

Federal and state EITC programs are proven to help families and communities by:

- Reducing poverty
- Driving local economic growth
- Improving health outcomes across entire communities
- Boosting family financial security and asset building
- Promoting work and growing wages, especially for single mothers
- Producing better educational outcomes

Families use rebates to keep up with the rising cost of living and housing

In studies done on the federal EITC and state programs, workers report using rebates to keep up with their month-to-month finances. Washingtonians could use the Working Families Tax Rebate to:

- Avoid short-term, risky loans (such as payday loans) or pay off debt
- Buy necessities for their kids
- Pay the bills, rent, child care, or groceries
- Make home repairs or maintain vehicles

Our proposal: Make the Working Families Tax Rebate reflect the needs of today’s workers

Washington state can build upon the EITC’s proven success by expanding our state’s version to help more people living on low and moderate incomes. Here’s how:

- Increase the rebate from a 10% EITC match to 15%
- Expand the program to include workers without children who struggle to make ends meet
- Recognize modern forms of work by providing a benefit for low- and moderate-income higher education students and those who care for young children, a dependent with a disability, or an elderly family member
- Expand to immigrant workers who pay taxes and contribute to our communities and local economies
- Increase financial security by allowing periodic payment of rebates throughout the year, rather than one annual lump sum
### Cost Estimates

**Dollars in millions**

<table>
<thead>
<tr>
<th>Policy Expansions</th>
<th>2019-21</th>
<th>2021-23</th>
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<tbody>
<tr>
<td></td>
<td>FY 2020</td>
<td>FY 2021</td>
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<tr>
<td>15% state match for eligible EITC filers</td>
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<td>Expand to workers without children age 19 and up</td>
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<td>Provide caregiver and student credit</td>
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<tr>
<td>Expand to immigrant workers who are currently excluded from EITC</td>
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<tr>
<td>Administrative Costs</td>
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<tr>
<td>For current law program</td>
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<td>8</td>
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<tr>
<td>Additional administrative costs for expansions</td>
<td>Forthcoming</td>
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<tr>
<td>Total Cost</td>
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