



Working Families Tax Credit

Program Update
House Appropriations Committee
December 4, 2023

Introductions

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Agenda

- WFTC program & eligibility
- Program administration & application
- Program results & budget
- Communication & outreach
- 2023 observations
- Preparations for 2024



About the WFTC program

- A tax credit for **low-to-moderate income** individuals and families enacted by ESHB 1297.
- Credit amount is based on income level and the number of qualifying children.
- Applications opened February 1, 2023.

For Tax Year 2022:

# of Qualifying Children	Maximum WFTC Benefit
3 or more	\$1,200
2	\$900
1	\$600
None	\$300

Program objectives

- Combat regressivity of state and local tax systems.
- Boost low-paid workers' incomes and offset some of the taxes they pay.
- Policy objectives per ESHB 1297:
 - Stimulate local economic activity.
 - Advance racial equity.
 - Promote economic stability and well-being for lower-income workers.

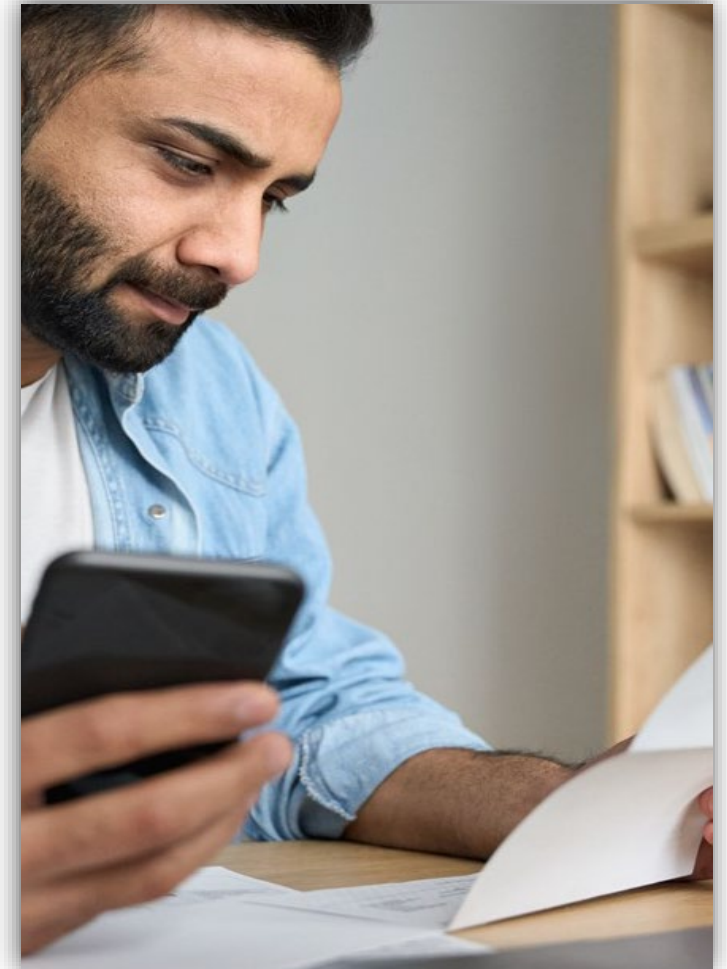


WFTC eligibility

~400,000
households
eligible

Applicants must:

- File a federal income tax return.
- Have a valid Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN).
- Qualify for the federal Earned Income Tax Credit.
- Live in Washington for at least 183 days of the year.



WFTC eligibility, cont.

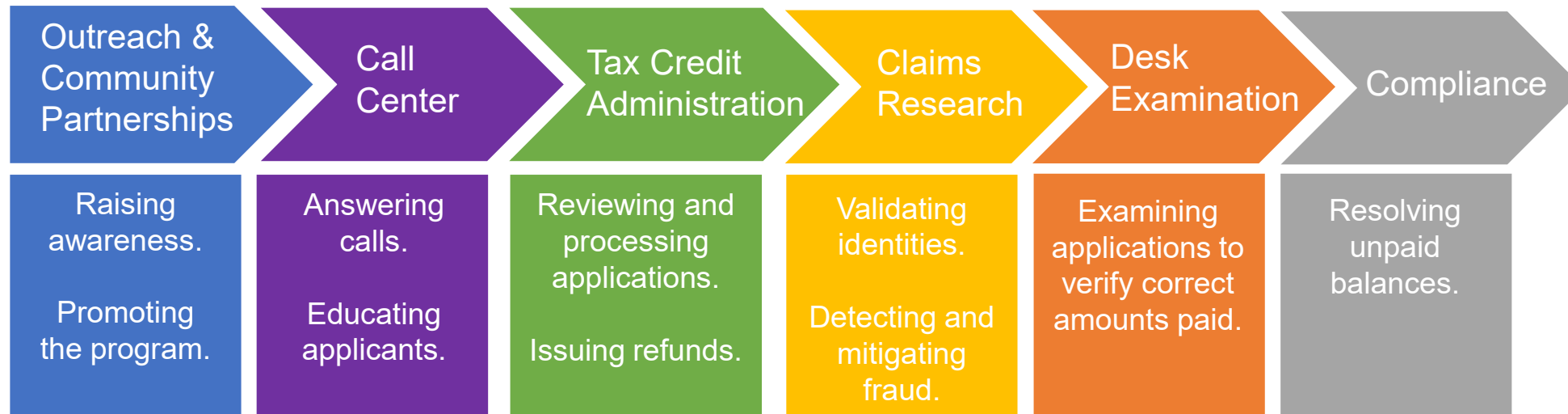
Income Thresholds (Tax Year 2022):

Number of qualifying children	Applicant must make less than the following		Maximum credit amount
	Single	Married	
0	\$16,480	\$22,610	\$300
1	\$43,492	\$49,622	\$600
2	\$49,399	\$55,529	\$900
3	\$53,057	\$59,187	\$1,200

Age Requirements:

<u>Without</u> qualifying children:	At least 25 and under 65 years of age.
<u>With</u> qualifying children:	No age restriction.

Program administration



A division of 80 staff to administer the program.

Application process

1. Paper

- Paper application available in English and 12 languages:
 - Arabic, Chinese (Traditional & Simplified), Khmer, Korean, Marshallese, Russian, Somali, Spanish, Tagalog, Ukrainian, and Vietnamese.

2. Online through MyDOR

- Online application available in English and Spanish.

3. Modernized e-File (MeF)

- Third-party tax preparation software and providers.



Department of
Revenue
Washington State

Form 14 0001

Mail to:
Washington State Dept. of
Revenue
Attn: Working Families Tax
Credit Division
PO Box 47468
Olympia, WA, 98504-7468

2022 Working Families Tax Credit Application

Skip the paper form and file online! Go to WorkingFamiliesCredit.wa.gov

Need help? Email DORWFTC@dor.wa.gov, call 360-763-7300, or read instructions at dor.wa.gov/WFTCInstructions.

☐ Amended application? Check this box and attach a letter of explanation.

A. Your information

1. First name Middle initial Last name

2. Type of ID number ☐ SSN ☐ ITIN Valid SSN or ITIN

☐ I am currently waiting for an ITIN from the IRS (for myself, my spouse, and/or my child).

3. Date of birth (MM/DD/YYYY)

4. Washington state driver's license or ID number

☐ I do not have or do not want to provide a Washington State license or ID number.
Note: Providing your license or ID number will generally expedite the application review process.

5. Mailing address

City State Zip code

6. Primary phone Cell phone Email

B. Residency questions

7. Did you live in Washington for at least 183 days in 2022? ☐ Yes ☐ No

8. Is your mailing address in Section A the same as your current primary residence?
If yes, skip to Section C. ☐ Yes ☐ No

9. If you answered "no" to question 8, what is your current primary residence?
Address City State Zip code

☐ I do not have or do not want to provide an address for my primary residence. Note: Providing your address of primary residence will generally expedite the application review process and decrease the likelihood of additional contact from the Department.

C. Eligibility questions

10. What was your filing status for your 2022 federal tax return?
☐ Single ☐ Head of household ☐ Qualifying widow(er)
☐ Married filing jointly ☐ Married filing separately (see instructions)

Program results at a glance (through 11/28/23)

Submissions

Applications received	189,777
Modernized e-File (MeF)	103,954 (55%)
MyDOR	78,679 (41%)
Paper	7,144 (4%)
% ITIN filers	9%

Refunds

No. applications refunded	160,973
Dollars refunded	\$114,867,740
Avg. refund per application	\$714
Applications refunded as a % of eligible population (400,000)	40%

Other results

40,500 calls to the call center
34% of callers requesting language support
850,000+ visitors to the WFTC website
< 2% of applications are suspected fraud
56% of applications refunded in < 30 days
1,100 outreach engagements conducted
247,000 children benefited from the refunds

Program budget

	FY 2023	FY 2024	FY 2025
DOR estimated participant count	370,000	N/A	N/A
Caseload forecast	N/A	249,000	329,000
Received and approved applications	170,000	TBD	TBD
Remittance appropriations	\$221,000,000	\$235,000,000	\$248,000,000
Remittance actuals	\$117,000,000	TBD	TBD
Estimated remittances based on caseload	N/A	\$180,000,000	\$243,000,000
Participant count difference	(200,000)	TBD	TBD
Underspent appropriations	\$104,000,000	TBD	TBD
Administration appropriations	\$13,997,000	\$15,832,000	\$15,768,000

Communication strategy

- Website: **WFTC.wa.gov**
 - Eligibility checker.
 - Application portal.
 - Partner toolkit.
 - Events calendar.
 - Results dashboard.
 - FAQs.

- **Media campaign** to target eligible individuals and families.
 - Social media.
 - Broadcast television.
 - Digital video.
 - Transit and billboards.
 - Search result advertising.



Outreach strategy

DOR outreach team:

- Outreach team representing communities they serve around the state.
- Bilingual staff: Spanish, Russian, Vietnamese.
- Engaging with key stakeholder partners.
- Advisory Committee.
- 1,100 outreach engagements.

Community outreach grants:

- Conduct EITC & WFTC outreach.
- Provide tax return and WFTC application preparation.
- FY23: \$10 million awarded to 37 organizations.
- FY24-25: \$5 million awarded to 27 organizations.



2023 observations

- Successful uptake for first year (as a non-income tax state).
 - Additional outreach, awareness, and education needed to increase participation.
- Tremendous support from agencies and community partners.
- Processing delays largely due to application errors.
 - Most application errors coming through MyDOR and paper filings.
- Experiences with the customer base:
 - Special income scenarios (e.g., business owners, gig economy).
 - Check cashing issues.
 - Returned mail.

Preparations for 2024

- Application and system enhancements.
 - Streamline processing.
 - Improved *Where's My Refund* tool.
- Onboard new MeF vendors.
- Initiate next round of community outreach grants.
- Launch marketing campaign.
- Implement 2023 legislative changes.
 - Refund period expanded to 3 additional years.
- IRS Direct File pilot.
- Implement prepaid debit cards as a payment option.
- Provide additional multilingual support.
 - Program correspondence in Spanish.

**2023 applications
open February 1, 2024**

Questions?

