To: Members of the Washington State Senate Human Services, Reentry, and Rehabilitation Committee
From: Washington State Budget & Policy Center
Re: Testimony in Support of SB 5387

Dear Chair Darneille and members of the Committee,

The Washington State Budget & Policy Center – a research organization working to build a just and prosperous future for all Washingtonians – submits this written testimony in support of SB 5387, the Working Families Tax Credit.

The federal EITC and state expansions like the Working Families Tax Credit can improve health in three critical areas:

- **Maternal health:** People who receive the credit while pregnant have healthier pregnancies, including fewer instances of babies with low birth weights. These positive effects are stronger for Black mothers, who face the greatest disparities due to historical and present-day racism (1).

- **Child health:** Children in families that receive the credit have fewer behavioral health problems (2), they do better in school (3), and have higher earnings over their lifetime (4). Researchers from the Harborview Injury Prevention and Research Center found larger state EITCs were also associated with families better being able to care for their children (5). We estimate that SB 5387 would reach one in four Washington kids (6), including children in mixed status families who are wrongly denied this critical support federally just because someone in the family doesn’t have social security number.

- **Mental health:** The Working Families Tax Credit could also be a tool to address mental health. State EITC expansions like SB 5387 have been linked to improved mental health (7) and even reduced suicidal behavior (8).

This proposal would also offer targeted and equitable support for almost 420,000 households struggling to make ends meet, including around 33,000 households that file taxes using an Individual Tax Identification Number (ITIN). It would start to address deep inequities in the state’s upside-down tax code, speed up the state’s economic recovery by stimulating local economies (9), and fill gaps in existing support systems that were not meeting the needs of our communities long before the pandemic.

Of note, SB 5387 makes key improvements upon existing statute:

First, SB 5387 includes Individual Tax Identification Number (ITIN) taxpayers who are excluded from receiving the federal Earned Income Tax Credits despite electing to file taxes. ITIN filers are an important group of taxpayers, including some student visa holders, survivors of domestic violence, and undocumented immigrants.

Second, this bill updates and streamlines the payment structure to make the policy more equitable for filers with the lowest incomes, who would be eligible for the largest credit possible for their filing status and family size.

Thank you for your time and thoughtful consideration in support of SB 5387.
Sources:


6. Per analysis from the Institute on Taxation and Economic Policy (ITEP), provided Nov 2020.


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