

A Recovery Rebate is Key to Washington's Recovery

The rebate – an updated version of the Working Families Tax Credit – provides much-needed cash to households across Washington

All of us should be able to put food on the table and have a roof over our heads. Flexible, direct cash can help people who are struggling to make ends meet during this economic crisis and support our state's recovery. Direct cash in the form of a Recovery Rebate also addresses the fact that Black, Indigenous, and other people of color have been hardest hit by this crisis because of longstanding barriers to opportunity, such as redlining and employment discrimination. This includes many Individual Tax Identification Number (ITIN) filers—an important group of taxpayers that includes undocumented immigrants and survivors of domestic violence. **The Recovery Rebate, an updated Working Families Tax Credit, will put cash in the pockets of those who need it and boost local economies.**

The rebate by the numbers

\$500 - \$950
Base Credit

Annual support depending on family size; credit phases down as incomes increase

500,000
Households

Estimated number of households that would benefit, including 33,500 ITIN filers

1 in 4
Washington Kids

Share of children in our state who would receive support (573,000 kids)

Outsized eligibility
for BIPOC

Black, Indigenous, and people of color make up 36% of eligible households in comparison to making up 25% of the population

Key elements of the 2021 updated Working Families Tax Credit

The updated credit removes barriers and provides more equitable support to those who need it by:

- ✓ Implementing a flat cash payment of \$500 (plus \$150 more for up to three kids)
- ✓ Ensuring greater support for people with the lowest incomes
- ✓ Including Individual Tax Identification Number (ITIN) filers—an important group of taxpayers that includes undocumented immigrants and survivors of domestic violence

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As a new business owner, just being able to keep the lights on sometimes is a struggle, so accessing programs, like the Working Families Tax Credit, would go a long way. I'm an event planner, and because of COVID, all my revenue streams dried up overnight. **For small business folks – especially during this time – this sort of access is crucial to focus on what we want to build.**

CHEVON,
Owner of a small business



The rebate would stabilize communities and bolster economies



The Recovery Rebate provides equitable and targeted support: A cash rebate targeted to households with low incomes would ensure benefits get to those most harmed by the current economic and health crises, longstanding racist policies (such as redlining and employment discrimination), and our regressive tax code. Including ITIN tax filers also directs support to undocumented immigrants and mixed-status families unjustly left out of federal relief.



It will speed up Washington's economic recovery: State tax credits like the updated Working Families Tax Credit can infuse \$1.50 to \$2 into local economies for every dollar a recipient receives. Communities also spend this money quickly: Households with less than \$500 in savings that received federal stimulus checks in 2020 spent half of their payments on necessities within 10 days.



It will promote healthier communities: People have better physical and mental health outcomes when they are not worrying about putting food on the table or having a safe place to live. Tax credits have demonstrated health benefits, including reduction of mental distress, improvement of physical wellbeing, and positive health outcomes for mothers and their infants – especially for Black mothers.



It fills gaps in existing support: The rebate works alongside other public assistance programs and unemployment insurance to weave a stronger system of public support. While programs like Workfirst/Temporary Assistance for Needy Families and unemployment insurance provide critical support, many people struggling to make ends meet cannot access them. A Recovery Rebate would strengthen everyday people's ability to meet their basic needs.

The rebate directs benefits to those most impacted by the Washington's upside-down tax code



The **average income** for an eligible household is **\$23,800**



And these households pay **4-6x more in taxes** as a share of their income than the top one-percent



So, the same households that are paying the most in taxes would benefit from a **Recovery Rebate**

Organizations in coalition:

- AFT Washington
- All In for Washington
- Asian Pacific Islander Coalition
- Asian Counseling and Referral Service
- Balance Our Tax Code
- Casa Latina
- Catholic Community Services
- Catholic Housing Services
- Children's Alliance
- Civic Ventures
- Climate Alliance for Jobs & Clean Energy
- Economic Security Project
- Environmental Priorities Coalition
- Fair Work Center
- Faith Action Network
- Food Lifeline
- Firelands Workers Action/ Acción de Trabajadores
- Fuse Washington
- MomsRising
- Northwest Harvest
- OneAmerica
- Planned Parenthood
- Progress Alliance
- SEIU 775
- SEIU 925
- Statewide Poverty Action Network
- Tacoma Urban League
- Teamsters 117
- The Prosperity Agenda
- UFCW 21
- United Way of King County
- United Ways of Washington State
- Urban League of Metropolitan Seattle
- Ventures Nonprofit
- Washington Catholics
- Washington Chapter of the American Academy of Pediatrics
- Washington State Budget & Policy Center
- Washington State Coalition Against Domestic Violence
- Washington Physicians for Social Responsibility
- WashPIRG
- WestSide Baby
- Working Washington
- YWCA Seattle | King | Snohomish

For more information or to join the coalition, contact **Emily Vyhnanek** at: emilyv@budgetandpolicy.org