



Work Opportunity Tax Credit

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Employers can get tax breaks for hiring veterans, felons, disadvantaged teens and people on public assistance

Up to \$9,000 in tax breaks per person over two years

More than 33,000 applications a year

The Work Opportunity Tax Credit (WOTC) is a tax incentive for employers to hire people from certain categories who traditionally need the most help finding sustainable employment. The goal of the program is to help these individuals become economically self-sufficient. The Employment Security Department is responsible for processing employers' applications for the tax credit.

Who qualifies for the tax credit?

There are additional qualification details for each of the following general categories. Contact the WOTC program for more information.

- Several categories of people who are on or who have received public assistance within the 18 months before they were hired.
- Several categories of needy or disabled military veterans.
- Felons hired within a year after leaving prison and those participating in work release.
- Many teenage and adult residents of federally designated "enterprise communities" or "renewal communities."
- Disabled people participating in state or federal vocational rehabilitation programs who've had an "individual written plan" for employment in the two years before being hired.
- Adults under age 40 who received food stamps in the six months before being hired.
- Anyone who received Supplemental Security Income (SSI) for any month in the 60 days before being hired.

What do employers get?

Employers can reduce their taxes by up to \$2,400 for each new adult hire; up to \$1,200 for each summer youth hire; and up to \$9,000 over two years for each qualifying welfare recipient who is hired. All together, Washington employers will receive an estimated \$40 million in tax breaks for 2007.

Employment Security's role

The Employment Security Department processes more than 33,000 business applications for WOTC certification each year. This involves working with each business one on one to determine the eligibility of every hired individual and completing all of the certifications within federal guidelines.

Employment Security operates a special WOTC Employer Help Line (800-669-9271) to answer employers' questions about the program. The department also provides information and training to WorkSource staff, advocacy groups, employer organizations and others about the program.

**Federal funding
down 20%,
workload
up 146%**

Funding

Federal funds to run the WOTC program do not inadequately support the increasing workload. WOTC operating funds have declined by more than 20 percent from federal fiscal year 2001 to 2008, from \$488,000 to \$388,000. During the same time period, employer applications increased by 146 percent, from 13,400 to more than 33,000. Currently, two positions in the program are paid for using state funds (penalty-and-interest funds) in order to handle the increased workload.

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