



Work Opportunity Tax Credit

Council Member Keith Blocker

Government Performance & Finance Committee
November 21, 2023



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Overview



6A.30 – Business & Occupation Tax – Job Credits Proposed Amendments

- Create new Jobs Tax Credit for employers adding a new position and filling the position with an individual with a disability, as identified through the vocational rehabilitation referral in the federal Work Opportunity Tax Credit (WOTC)
- Set amount of the credit at \$1,000

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Background



- Individuals with disabilities can face barriers to employment, leading to higher rates of unemployment
- Approximately 24,000 people in Tacoma live with a physical or mental disability
 - More than 35 percent of people who are age 65 and older have a disability
 - About 32 percent of veterans in Washington have a disability
 - Non-Hispanic Black adults have higher rates of disability

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Background



Four Job Credits currently available to offset City B&O tax

Job Credit	Amount
Full-Time Family Wage	\$500
Tacoma Resident	\$500
Green Job	\$250 *
Empowerment Zone	\$250

* separate proposed amendment before council to increase to \$1,000 effective January 1, 2024

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Issues



- State Exchange on Employment and Disability identifies private sector engagement through job credits as one key pathway for enhancing the employment of people with disabilities
- Alignment with strategic goals of Tacoma Area Commission on Disabilities and the Tacoma DSHS/Division of Vocational Rehabilitation

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Proposed Amendment



- Provide \$1,000 job credit for employers adding a new position and filling the position with an individual with a disability, as identified by vocational rehabilitation referral in the federal Work Opportunity Tax Credit.
 - A “vocational rehabilitation referral” is a person who has a physical or mental disability and has been referred to the employer while receiving or upon completion of rehabilitative services pursuant to a state plan approved under the Rehabilitation Act of 1973; an Employment Network Plan under the Ticket to Work program; or a program carried out under the Department of Veteran Affairs.

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Intended Outcomes

- Greater inclusion in the workforce for individuals with disabilities
- Improving employment outcomes for individuals with disabilities
- Reducing poverty in the disability community
- Ensuring successful transitions into the workforce for students with disabilities
- Providing support for older residents and veterans with disabilities

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Fiscal Impact

- While the number of individuals with disabilities hired each year can vary, we anticipate that between 15-30 new positions will be created and filled with individuals with disabilities each year, judging from data provided by the Tacoma DSHS/Division of Vocational Rehabilitation.
- This would result in a range of \$15,000 - \$30,000 of tax credit available to businesses to use towards their business & occupation tax liability.

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Next Steps



- Council Member Blocker recommends GPFC forward the proposed job credit to City Council for consideration and approval with the following timeline:
 - First Reading: December 12, 2023
 - Second Reading: December 19, 2023
 - Effective Date: January 2, 2024

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