



TO: Elizabeth Pauli, City Manager
FROM: Council Member Keith Blocker and Christina Caan, Policy Analyst
COPY: Government Performance and Finance Committee; D’Angelo Baker; Andy Cherullo
PRESENTER: Christina Caan, Policy Analyst and Kris Oldenburg, Tax & License Audit & Compliance Manager
SUBJECT: Amendments to Tacoma Municipal Code Chapter 6A.30 – Business & Occupation Tax – New Job Credit – Work Opportunity
DATE: November 21, 2023

PRESENTATION TYPE:

Request for Ordinance

SUMMARY:

Council Member Keith Blocker is proposing an amendment to Tacoma Municipal Code (TMC), Chapter 6A.30 – Business & Occupation Tax, to create a new Job Tax Credit in the amount of \$1,000 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).

BACKGROUND:

Approximately 24,000 people in Tacoma live with a physical or mental disability. Disabilities can take a variety of forms, including non-apparent disabilities such as the autism spectrum, arthritis, or chronic illnesses.¹ People with disabilities can face substantial barriers to finding a job, making it more difficult for them to live independently, attain a higher quality of life, and participate fully in their community. The national labor force participation rate for people with disabilities is 32.8 percent, compared to 77.1 percent for those without disabilities.² In 2022, the national unemployment rate for persons with a disability reached 7.6 percent, almost double the 3.5 percent unemployment rate for persons without a disability.³

- While disabilities can impact anyone at any age, the rate of disability is greater among non-Hispanic Black adults and increases for all people with age. In Washington, more than 35 percent of people age 65 and older have a disability.⁴⁵ Disability rates are also higher among veterans. In Washington, about 32 percent of veterans have a disability.⁶

Tacoma Municipal Code Chapter 6A.30 establishes tax credits for new permanent jobs created in Tacoma. The credit is available to businesses to offset Business & Occupation tax for a period of five years. The credit ranges from \$500 - \$1,500/year.

¹ [Non-Apparent Disabilities: When Your Disability is Not Visible - World Institute on Disability \(wid.org\)](https://www.wid.org/)

² [About - Disability: IN \(disabilityin.org\)](https://disabilityin.org/)

³ [Persons with a Disability: Labor Force Characteristics Summary - 2022 A01 Results \(bls.gov\)](https://www.bls.gov/news.release/disablty2.pdf)

⁴ [Racial/Ethnic Disparities in Disability by Health Condition \(census.gov\)](https://www.census.gov/data/tables/2020/health/500001.html)

⁵ [Disability and Health Data System Explore by Indicator | NCBDDD | CDC](https://www.cdc.gov/nchs/data/ncbddd/2022/2022-disability-and-health-data-system-explore-by-indicator.html)

⁶ [Disability and Health Data System Explore by Indicator | NCBDDD | CDC](https://www.cdc.gov/nchs/data/ncbddd/2022/2022-disability-and-health-data-system-explore-by-indicator.html)



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

ISSUE:

The State Exchange on Employment and Disability, which is an initiative funded by the U.S. Department of Labor’s Office of Disability Employment Policy, identifies private sector engagement through job credits as one of its recognized key pathways for enhancing the employment of people with disabilities, gleaned from policies adopted by states included in a report titled “[Work Matters: A Framework for States on Workforce Development for People with Disabilities](#),” and recent executive orders and legislation adopted by states. States that provide tax incentives to encourage businesses to hire people with disabilities include Delaware, Kansas, Louisiana, Maryland, New York, North Dakota, and Tennessee.

The proposed amendment would create a new Business and Occupation job tax credit of \$1,000 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). Such a credit could assist with achieving greater inclusion in the workforce for individuals with disabilities, including older residents and veterans with disabilities. This credit could also advance the strategic goals of vocational rehabilitation in Tacoma, including improving employment outcomes for individuals with disabilities, reducing poverty in the disability community, and ensuring successful transitions into the workforce for students with disabilities.⁷

Qualifications for new job tax credit:

- A new permanent position added to the business’ workforce
- Employee must be a new hire (a current employee who becomes disabled does not qualify)
- Employee must receive minimum wage as calculated by the state of Washington Department of Labor and Industries
- Employee can be employed full or part time
- Employee must be identified through the vocational rehabilitation referral in the federal WOTC. A vocational rehabilitation referral under the WOTC 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.

⁷ [DVR Strategic Plan 2021-2023 \(wa.gov\)](#)



ALTERNATIVES:

The City Council could choose to provide no job credit to employers adding a new position and filling the position with an individual with a disability and continue to rely on federal or state incentives to spur inclusivity in the private sector. The City Council could choose to provide a lower or higher amount of credit which would result in a lower or higher fiscal impact.

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 Tacoma's 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.

RECOMMENDATION:

Council Member Keith Blocker recommends advancing this proposal to the full City Council to create a new Job Tax Credit in the amount of \$1,000 for employers hiring individuals with disabilities, as identified through the vocational rehabilitation referral in the federal Work Opportunity Tax Credit (WOTC).