



ORDINANCE NO. 28930

BY REQUEST OF MAYOR WOODARDS, AND COUNCIL MEMBERS
BLOCKER, BUSHNELL, AND DANIELS

AN ORDINANCE amending Chapter 6A.30 of the Municipal Code, relating to Business and Occupation Tax, by adding a new Section 6A.30.067, entitled "Job Credit - Work Opportunity", to provide a new \$1,000 job 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.

WHEREAS approximately 24,000 people in Tacoma live with a physical or mental disability, and

WHEREAS the Center for Disease Control and Prevention defines a disability as a condition of the body or mind that makes it more difficult for the person with the condition to do certain activities and interact with the world around them, and

WHEREAS disabilities may be present when a person is born or may develop later in life, and take a variety of forms, from visual or hearing impairments to conditions that impact an individual's ability to make decisions or remember information, and

WHEREAS in Washington State, more than 35 percent of people who are age 65 and older have a disability and the rate is also greater among non-Hispanic Black adults and veterans, and

WHEREAS people with disabilities can face substantial barriers to finding a job, which makes it more difficult for them to live independently and



1 attain a higher quality of life, and additionally impacts their ability to participate
2 fully in their community, and

3 WHEREAS the national labor force participation rate for people with
4 disabilities is 32.8 percent, compared to 77.1 percent for those without
5 disabilities, and

6 WHEREAS in 2022, the national unemployment rate for persons with a
7 disability reached 7.6 percent, almost double the 3.5 percent unemployment
8 rate for persons without a disability, and

9 WHEREAS this proposed amendment would create a new Business and
10 Occupation job tax credit of \$1,000 for employers adding a new position and
11 filling the position with an individual with a disability, as identified through the
12 vocational rehabilitation referral in the federal Work Opportunity Tax Credit
13 (“WOTC”), and

14 WHEREAS the WOTC is a federal tax credit that aims to incentivize
15 workplace diversity and facilitate access to good jobs for American workers,
16 and

17 and
18 WHEREAS a vocational rehabilitation referral under the WOTC identifies
19 a person who has a physical or mental disability and has been referred to the
20 employer while receiving or upon completion of rehabilitative services pursuant
21 to a state plan approved under the Rehabilitation Act of 1973; an Employment
22 to a state plan approved under the Rehabilitation Act of 1973; an Employment
23



1 Network Plan under the Ticket to Work program; or a program carried out
2 under the Department of Veteran Affairs, and

3 WHEREAS the proposed tax credit aims to assist with incentivizing the
4 private sector to ensure greater inclusion in the workforce for individuals with
5 disabilities, and

6 WHEREAS the proposed tax credit could also help advance the
7 strategic goals of vocational rehabilitation in Tacoma, including improving
8 employment outcomes for individuals with disabilities, reducing poverty in the
9 disability community, and ensuring successful transitions into the workforce for
10 students with disabilities, and

11
12 WHEREAS the qualifications for the new job tax credit are as follows: 1)
13 there must be a new permanent position added to the business's workforce; 2)
14 the employee must be a new hire (a current employee who becomes disabled
15 does not qualify); 3) the employee must receive at least minimum wage as
16 calculated by the Washington State Department of Labor and Industries; 4) the
17 employee can be employed full or part time, and 5) the employee must be
18 identified through the vocational rehabilitation referral in the federal WOTC;

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20 Now, Therefore,

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22 BE IT ORDAINED BY THE CITY OF TACOMA:

23 Section 1. That the City Council hereby adopts the Recitals of this
24 Ordinance as its formal legislative findings.



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Section 2. That Subtitle 6A.30 of the Tacoma Municipal Code,
“Business and Occupation Tax”, is hereby amended to add a new Section
6A.30.067 entitled “Job Credit – Work Opportunity” as set forth in the attached
Exhibit “A.”

Section 3. That the City Clerk, in consultation with the City Attorney’s
Office, is authorized to make necessary corrections to this ordinance, including,
but not limited to, the correction of scrivener’s/clerical errors, references,
ordinance numbering, section/subsection numbers, and any references thereto.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



EXHIBIT "A"

CHAPTER 6A.30
BUSINESS AND OCCUPATION TAX

Sections:

- 6A.30.010 Purpose.
6A.30.020 *Repealed.*
6A.30.028 *Repealed.*
6A.30.030 Definitions.
6A.30.040 Agency – Sales and services by agent, consignee, bailee, factor, or auctioneer.
6A.30.050 Imposition of the tax – Tax levied.
6A.30.060 *Repealed.*
6A.30.065 Job credits.
6A.30.066 Small business phased tax credit.
[6A.30.067 Job Credit – Work Opportunity.](#)
6A.30.070 Multiple activities credit when activities take place in one or more cities with eligible gross receipt taxes.
6A.30.075 Deductions to prevent multiple taxation of manufacturing transactions occurring prior to January 1, 2008 involving more than one city with an eligible gross receipts tax.
6A.30.076 Assignment of gross income derived from intangibles.
6A.30.077 Allocation and apportionment of income when activities take place in more than one jurisdiction.
6A.30.078 Allocation and apportionment of printing and publishing income when activities take place in more than one jurisdiction.
6A.30.090 Exemptions.
6A.30.100 Deductions.
6A.30.110 Application to City’s business activities.
6A.30.120 Tax part of overhead.
6A.30.130 Severability clause.

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[6A.30.067 Job Credit – Work Opportunity.](#)

[A. Intent.](#)

[It is the intent of the City Council to incentivize the private sector to be more inclusive of individuals with disabilities seeking employment. By doing so, the City Council aims to improve employment outcomes for individuals with disabilities, reduce poverty in the disability community, ensure successful transitions into the workforce for students with disabilities, and provide support for older residents and veterans with disabilities who are seeking employment. The incentive in this section is specifically targeted at encouraging employers to add new employment positions to their workforce and hire individuals with a physical or mental disability identified as a vocational rehabilitation referral for the federal Work Opportunity Tax Credit.](#)

[B. Definitions for the purposes of this section:](#)

[1. “Eligible person” means a person or company who resides in the City and is engaging in a business activity within the City.](#)



1 2. "Minimum wage" means the current years minimum wage as calculated by the state of Washington
Department of Labor and Industries (L&I) or when the person has been issued a special certificate as
outlined in WAC 296-126-010, the reduced minimum wage fixed by the L&I director.

2 3. "Qualified employment position" means a new temporary, permanent, part-time, or full-time position
with compensation of at least "minimum wage" assigned to an "eligible person" as defined in this section.
3 If a qualified individual is either voluntarily or involuntarily separated from employment, the
4 employment position is considered filled during a period not to exceed three months if the person is
actively recruiting a qualified individual to fill the position.

5 4. "Qualified individual" means an individual that meets the vocational rehabilitation referral
qualifications for a Work Opportunity Tax Credit and their employer was certified by the state of
Washington Employment Standards Department to use the WOTC on their federal tax return.

6 5. "Vocational rehabilitation referral" means an individual who has a physical or mental disability and
7 has been referred to the employer while receiving or upon completion of rehabilitative services pursuant
8 to: 1) a state plan approved under the Rehabilitation Act of 1973; 2) an Employment Network Plan under
the Ticket to Work program or 3) a program carried out under the Department of Veteran Affairs.

9 6. "Work Opportunity Tax Credit, or WOTC" is a general business credit provided under section 51 of
the Internal Revenue Code (Code) that is jointly administered by the Internal Revenue Service (IRS) and
the Department of Labor (DOL).

10 C. Credit.

11 Subject to the limits in this section, an eligible person is allowed a credit against the tax due under this
chapter.

12 1. The credit shall be \$1,000 for each new qualified employment position filled with a qualified
13 individual within the City.

14 2. No application is necessary for the tax credit; however, information must be submitted for each
qualified employment position for which credit is requested and included with the first tax return in
15 which the credit is claimed. The person must keep records necessary for the City to verify eligibility
under this section. This information includes:

16 a. Washington State employment records, including Washington State and federal tax returns, for the
years the credit was taken and;

17 b. WOTC records, including the approval or certification documentation issued by the state of
Washington Employment Standards Department for the position the credit was taken.

18 3. A credit is earned for the calendar year in which the qualified individual is hired to fill the position,
19 plus an additional 4 subsequent consecutive years if the qualified employment position continues to be
filled with a qualified individual during the entire period.

20 a. The credit must be taken within 365 consecutive days after the qualified employment position is filled
to be eligible for the credit.

21 b. If a qualified employment position is filled by a qualified individual before July 1, the position is
22 eligible for the full yearly credit. If filled after June 30, the person is eligible for only a half of the credit
for the first calendar year and the full credit for the subsequent four years.

23 c. Credit may not be accrued and carried forward or back. No refunds may be granted for unused portion
24 of credits under this section. If the qualified employment position is filled during the calendar year, after



the filing of a quarterly tax period, an amended 1st or 3rd quarter tax return will be allowed, if appropriate, to qualify for all the credit to which the person is entitled for that year.

1 d. The purchase of an existing business does not create an allowance of the credit for existing positions.

2 4. If at any time the Director finds that a person is not eligible or has lost eligibility for a tax credit under
3 this section, the total amount of taxes for which a credit has been claimed for current and prior periods
4 shall be immediately due, provided that if, after the effective date of this section, there exists or existed a
5 recognized general economic recession or a declared emergency requiring an person to lose eligibility for
6 the tax credit under this section, then an person is not required to pay back the tax credit received for any
7 prior periods under this section. If a person claims that such conditions exist and, as a result, has lost
8 eligibility under this section, the person must certify such facts to the City on a form approved by the
9 Director.

10 However, if any eligible person moves its principal place of business outside the City, then, regardless of
11 any conditions, the total amount of taxes for which a credit has been claimed for current and all prior
12 periods shall immediately become due. The Director shall assess interest on the recapture of the credit for
13 which the person is not eligible or has lost eligibility. The interest shall be assessed as provided in
14 Section 6A.10.090, shall be assessed retroactively to the beginning of the reporting period in which the
15 tax credit was allowed, and shall accrue until the taxes for which a credit has been used are repaid.

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