



City of Tacoma

City Council Action Memorandum

**TO:** Elizabeth Pauli, City Manager  
**FROM:** Council Member Keith Blocker and Christina Caan, Policy Analyst, City Manager's Office  
**COPY:** City Council and Council Clerk  
**SUBJECT:** Ordinance to amend Chapter 6A.30 of the Tacoma Municipal Code, relating to Business and Occupation Tax – December 5, 2023  
**DATE:** November 29, 2023

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**SUMMARY AND PURPOSE:**

An ordinance amending the Tacoma Municipal Code, 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).

**COUNCIL SPONSORS:**

Council Member Keith Blocker, Mayor Victoria Woodards, Council Member Kiara Daniels, and Council Member Joe Bushnell

**BACKGROUND:**

Approximately 24,000 people in Tacoma live with a physical or mental disability. A disability is defined by the Center for Disease Control and Prevention 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.<sup>1</sup> Disabilities can take a variety of forms—from visual or hearing impairments to conditions that impact an individual's ability to make decisions or remember information.<sup>2</sup> Disabilities may be present when a person is born or may develop later in life. In Washington, more than 35 percent of people who are age 65 and older have a disability.<sup>3</sup> The disability rate is also greater among non-Hispanic Black adults and veterans.<sup>4,5</sup>

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.<sup>6</sup> 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.<sup>7</sup>

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 WOTC. The WOTC is a federal tax credit that aims to incentivize workplace diversity and facilitate access to good jobs for American workers. 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

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<sup>1</sup> [Disability and Health Overview | CDC](#)

<sup>2</sup> [Non-Apparent Disabilities: When Your Disability is Not Visible - World Institute on Disability](#)

<sup>3</sup> [Disability and Health Data System Explore by Indicator | NCBDDD | CDC](#)

<sup>4</sup> [Racial/Ethnic Disparities in Disability by Health Condition](#)

<sup>5</sup> [Disability and Health Data System Explore by Indicator | NCBDDD | CDC](#)

<sup>6</sup> [About - Disability: IN](#)

<sup>7</sup> [Persons with a Disability: Labor Force Characteristics Summary - 2022 A01 Results](#)



Act of 1973; an Employment Network Plan under the Ticket to Work program; or a program carried out under the Department of Veteran Affairs.<sup>8</sup>

This proposed tax credit aims to assist with incentivizing the private sector to ensure greater inclusion in the workforce for individuals with disabilities. This credit could also help 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.<sup>9</sup>

Qualifications for new Jobs 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.

The Government Performance and Finance Committee voted unanimously on November 21, 2023 to move this proposal forward to the full City Council.

#### **COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

Council Member Keith Blocker, Mayor Victoria Woodards, and staff met with officials from the State Exchange on Employment and Disability (SEED) office to discuss enhancing workforce opportunities for individuals with disabilities. SEED is an initiative funded by the U.S. Department of Labor's Office of Disability Employment Policy and identifies private sector engagement through job tax credits as one of its recognized key pathways for enhancing the employment of people with disabilities.<sup>10</sup> New York City, along with several states, have implemented a tax credit for workers with disabilities.<sup>11</sup> Council Member Blocker also met with the Chair of the Tacoma Area Commission on Disabilities to discuss the tax credit. In addition, City staff from the Office of Tax and License and Council Member Blocker's policy analyst met with the Tacoma Office of the Washington State Department of Social and Health Services, Division of Vocational Rehabilitation.

#### **2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:** This jobs tax credit could help reduce employment disparities for the disabled community by enhancing disability inclusion in Tacoma's workforce. This jobs tax credit is especially relevant for assisting communities with disproportionate rates of disabilities, including non-Hispanic Black adults, older residents, and veterans. The jobs tax credit could also help incentivize new jobs, creating opportunities to stem poverty in the disability community. Poverty rates for those with a disability are generally twice as high as rates for those without a disability.<sup>12</sup>

**Economy/Workforce:** *Equity Index Score:* Moderate Opportunity  
Increase positive public perception related to the Tacoma economy.  
Increase the number of diverse livable wage jobs.

<sup>8</sup> [Work Opportunity Tax Credit | Internal Revenue Service](#)

<sup>9</sup> [DVR Strategic Plan 2021-2023](#)

<sup>10</sup> [SEED Report by The Council of State Governments](#)

<sup>11</sup> [Workers with Disabilities Employment Tax Credit | City of New York \(nyc.gov\)](#)

<sup>12</sup> [Disability poverty rate U.S. 2008-2021](#)



**Livability:** *Equity Index Score:* Moderate Opportunity

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

Increase positive public perception of safety and overall quality of life.

Employment is the most direct and cost-effective means to empower individuals with disabilities to achieve greater independence and economic self-sufficiency. This jobs tax credit could help increase the number of new jobs in the city and expand employment opportunities for individuals with disabilities, including students transitioning into the workforce. By expanding employment opportunities for the disabled community, this jobs tax credit would help improve the quality of life and perception of the local economy for individuals with disabilities. In addition, this jobs tax credit could help the City demonstrate that it believes individuals with disabilities have a wealth of valuable skills to bring to the workforce and contribute to their community.

**ALTERNATIVES:**

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Do not adopt ordinance	No fiscal impact.	No specific City incentive for businesses creating new jobs and filling those jobs with individuals with disabilities.
2. Adopt a higher amount of tax credit	More businesses might create new jobs and fill those jobs with individuals with disabilities.	The fiscal impact of the proposed amendment would increase.

**EVALUATION AND FOLLOW UP:**

If approved, Tax and License would monitor the businesses claiming the tax credit to ensure proper implementation. Staff would also monitor the new job tax credits used in 2024 and work with the budget office on projections in the 2025/26 budget for the jobs tax credit.

**STAFF/SPONSOR RECOMMENDATION:**

Sponsors recommend Council pass this ordinance.

**FISCAL IMPACT:**

While the number of individuals with disabilities hired each year can vary, data provided by the Tacoma office of the Washington State Department of Social and Health Services, Division of Vocational Rehabilitation indicates that between 15-30 new positions will be created and filled with individuals with disabilities each year. 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 in 2024.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 0010 General Fund – B&O Tax Job Credit	106500	4316500	(\$15,000 - \$30,000)



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TOTAL			(\$15,000 - \$30,000)
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**Are the expenditures and revenues planned and budgeted in this biennium's current budget?**

YES

**Are there financial costs or other impacts of not implementing the legislation?**

No

**Will the legislation have an ongoing/recurring fiscal impact?**

YES

If passed, this tax credit would be available each year for new positions created and filled with individuals with disabilities in Tacoma. Businesses that qualify for the tax credit will be eligible for five years of tax credit if the position remains filled with qualifying individuals.

**Will the legislation change the City's FTE/personnel counts?**

No

**ATTACHMENTS:**

- Exhibit A