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Testimony in Support of
Senate Bill 598 - Income Tax – Work Opportunity Tax Credit
Senate Budget and Taxation Committee
February 23, 2022

The Rural Maryland Council supports Senate Bill 598 - Income Tax – Work Opportunity Tax Credit. The Bill intends to increase job opportunities for those who are facing significant barriers to employment by creating a nonrefundable credit against the State income tax for up to 100% of the federal Work Opportunity Tax Credit (WOTC) claimed by an employer.

By creating a tax credit against the State income tax for the WOTC claimed by the employer, it will encourage more businesses to hire people that fall under the targeted groups that face significant barriers to employment. Currently, some of the targeted groups for the credit include individuals whose families are recipients of Supplemental Nutrition Assistance Program; individuals experiencing long-term unemployment; residents of an empowerment zone or rural renewal county; veterans; the formerly incarcerated or those convicted of a felony; and supplemental Social Security income (SSI) recipients. According to the U.S Department of Labor, there were more than 2 million WOTCs the United States in Fiscal Year 2021, Maryland accounted for just above 50,000 of those WOTCs

The WOTC provides an incentive to hire those who are less likely to find employment and are often individuals who need a job the most. This includes someone facing economic hardships that needs to provide for their family; someone who has been incarcerated or is a convicted felon but has since done their time and wants to better their lives and re-enter society; and those receiving SSI who are over 65 or have a disability and are under certain income and resource levels. The group that is the most likely to be employed are those whose families receive SNAP, making up 35,000 of the approximately 50,000 Maryland WOTC credits. Meaning many of these credits are being used towards those who are providing for more than just themselves. According to the Center on Budget and Policy Priorities, in Fiscal Year 2019 over 62% of Maryland SNAP participants were in families that had children, and 38% were in families with elderly or disabled family members.

The Rural Maryland Council respectfully requests your favorable support of Senate Bill 598 - Income Tax – Work Opportunity Tax Credit.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

“A Collective Voice for Rural Maryland”