

# **SB598 - Income Tax – Work Opportunity Tax Credit -**

Uploaded by: Dakota Matthews

Position: FAV



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*Charlotte Davis, Executive Director*

*John Hartline, Chair*

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”

# **SB598 Written Support-Work Opportunity Tax Credit**

Uploaded by: Demayne Millard

Position: FAV



## Testimony in Support of Senate Bill 598

### Income Tax- Work Opportunity Tax Credit

**To:** Chair Guy Guzzone and Members of the Budget and Taxation Committee

**From:** Demaune A. Millard, President & CEO, Family League of Baltimore

**Date:** February 23, 2022

Family League of Baltimore (Family League) supports SB598 Income Tax- Work Opportunity TaxCredit as it would allow employers that claim the federal work opportunity credit to claim a credit against the State income tax for certain wages paid to individuals with barriers to employment.

The Work Opportunity Tax Credit (“WOTC”) has been used federally for years by employers hiring individuals from [targeted groups](#) who have consistently faced significant barriers to employment. This is particularly important for Baltimore City as many of its residents – including the formerly incarcerated, youth seeking summer employment, and recipients of supplemental nutrition assistance program (SNAP) benefits – would qualify for this hand up to a better way of life. WOTC joins other workforce programs that incentivize workplace diversity and facilitate access to good jobs for workers. By offering a corresponding tax credit using the federal eligibility criteria, the state can efficiently help create needed jobs for citizens that need it the most. This would benefit both employers and potential employees.

SB598 specifically targets job creation for the long-term unemployed (27 consecutive weeks) andTANF and SNAP recipients, as defined in the federal code. Qualifying individuals under these definitions not only have to face significant barriers to workforce reentry, but they are currently among the most impacted by the COVID-19 pandemic’s health and economic consequences.

Currently, employers submit documentation to the state Department of Labor, License and Regulation (DLLR) to certify eligibility for these categories for the WOTC federal credit. The credit is “earned’ by employers as they provide a certain amount of wages over time to an eligible employee, which encouraged longer term jobs. Employers will not receive any portion of the credit until they start paying the wages due for at least 120 hours. The maximum credit for most of the categories is \$2,400.

As the designated Local Management Board for the City of Baltimore, Family League works collaboratively to support data-informed, community-driven solutions to align resources to dismantle systemic barriers that limit the possibilities for children, families, and communities. Our policy advocacy work is also guided by and in support of the Governor’s Office of Crime Prevention Youth and Victim Services’ Results for Child Well-Being. Through our strategic

planning process, we have prioritized three of these results areas, focusing on the success of Baltimore City's children in school; the economic stability of families; and the safety of communities for children, youth, and families. We support SB598 in particular because of its alignment with the result area, working to ensure "Families are Economically Stable."

*For more information contact Keontae Kells, Executive Administrator [kkells@familyleague.org](mailto:kkells@familyleague.org)*

# **SB0598 - 2.23.22-- Income Tax – Work Opportunity T**

Uploaded by: Donald Fry

Position: FAV



**TESTIMONY PRESENTED TO THE SENATE BUDGET AND TAXATION COMMITTEE**

**SENATE BILL 598 – INCOME TAX - WORK OPPORTUNITY TAX CREDIT**

**Sponsor: Senator Guzzone**

**February 23, 2022**

**DONALD C. FRY  
PRESIDENT & CEO**

**GREATER BALTIMORE COMMITTEE**

**Position: Support**

Senate Bill 598 allows employers that claim the federal work opportunity tax credit to also claim a credit against the state income tax for wages paid to individuals with barriers to employment.

The Work Opportunity Tax Credit (“WOTC”) is a long standing federal tax credit available to employers for hiring individuals from certain targeted groups who have consistently faced significant barriers to employment. These groups include the long-term unemployed (27 consecutive weeks), TANF, and SNAP recipients, as defined in the federal code. The qualifying individuals under these categories are among the most impacted by the pandemic’s health and economic consequences as well as the structural issues in our economy. These individuals face significant barriers to workforce reentry.

The credit is “earned” by employers as they provide a certain amount of wages over time to an eligible employee, thus encouraging longer term employment. Employers do not receive a penny of the credit until they start paying the wages for at least 120 hours. The maximum federal credit for most of the categories is \$2,400.

The addition of a corresponding state tax credit will provide further incentives for Maryland employers to create jobs for individuals facing significant barriers to employment. The credit would have the same criteria as the federal program, adding little administrative burden to either the employer or the state.

This bill is consistent with a key tenet in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth.

**Strategic and effective state investments in business growth.** *The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.*

**For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 598.**

*The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 67-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.*

**GREATER BALTIMORE COMMITTEE**

111 South Calvert Street • Suite 1700 • Baltimore, Maryland • 21202-6180

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# **HFAM Testimony SB 598.pdf**

Uploaded by: Joseph DeMattos

Position: FAV





**TESTIMONY BEFORE THE  
SENATE BUDGET AND TAXATION COMMITTEE**  
February 23, 2023  
Senate Bill 589: Income Tax – Work Opportunity Tax Credit  
*Written Testimony Only*

**POSITION: FAVORABLE**

On behalf of the members of the Health Facilities Association of Maryland (HFAM), we appreciate the opportunity to express our support for Senate Bill 598. HFAM represents over 170 skilled nursing centers and assisted living communities in Maryland, as well as nearly 80 associate businesses that offer products and services to healthcare providers. Our members provide services and employ individuals in nearly every jurisdiction of the state.

Senate Bill 598 would allow employers that claim the federal work opportunity credit to claim a credit against the State income tax for wages paid to individuals with barriers to employment. It would allow this state tax credit for employers that hire and retain employees that have faced employment discrimination or barriers to entering the workforce.

This legislation is an important extension of the federal program that seeks to increase employment among under-employed individuals who face barriers to employment, often in underserved communities. Enactment of this bill will enhance career opportunities for individuals such as veterans, vocational rehabilitation referral applicants, qualified long-term unemployment recipients, qualified SSI recipients, previously incarcerated individuals, and Supplemental Nutrition Assistance Program (SNAP) recipients.

This legislation will allow more Marylanders to share their strengths through employment for the betterment of our state and personally advance themselves and their families. In addition, this legislation in Maryland will advance a federal policy to aid employers across all sectors, allowing them to grow and build their teams. Considering the workforce challenges that our sector and many others face, it is more important than ever that we increase the labor participation rate while investing in social equity.

**For these reasons, we request a favorable report from the Committee on Senate Bill 598.**

*Submitted by:*

Joseph DeMattos, Jr.  
President and CEO  
(410) 290-5132

# **UFCW 400 Favorable Written Testimony in Support of**

Uploaded by: Kayla Mock

Position: FAV

**Testimony in Support of SB 598  
Income Tax – Work Opportunity Tax Credit  
February 23, 2022**

**To:** Honorable Guy Guzzone, Chair, and members of the Senate Budget and Taxation Committee

**From:** Kayla Mock, Political Representative  
United Food and Commercial Workers Union, Local 400

Chair Guzzone and members of the Senate Budget and Taxation Committee, I appreciate the chance to share my testimony on behalf of our over 10,000 members in Maryland, working on the front lines of the ongoing pandemic in grocery, retail, food distribution, law enforcement, and health care. The physical and mental toll of the pandemic on our members has been unprecedented, and I appreciate any effort to acknowledge and alleviate these pressures.

**We support SB 598 and urge you to vote it favorably.** As always, the least among us have been the most impacted by the pandemic, and our members, by being on the front lines, were hard hit by exposures and illness. Our members were finally recognized as the heroes they are, showing up for work and serving the community through the uncertainty.

However, while the recognition of our members' hard work was long overdue, wages remained stagnant. Hero pay was brief and fell far short of what frontline workers deserved. As the pandemic continues, our members continue to shoulder the economic, mental, and physical stressors.

While the Work Opportunity Tax Credit only applies to employers, those impacted the most by this pandemic will benefit. By providing incentives for employers to hire from otherwise overlooked and ignored groups of applicants, moving them into tax paying positions, and hopefully removing them from strained social nets, the Work Opportunity Tax Credit will help ease burdens and increase workplace participation rates.

SB 598 would have positive impacts on not only the unemployed of Maryland, but also our members who have been on the frontlines of this pandemic. By using the WOTC as a leverage point, we can continue to advocate for wage increases and better working conditions for our members.

**On behalf of our members and all Marylanders, we urge you to vote favorably on SB 598.**

# **Senate Bill 598 – Income Tax – Work Opportunity Ta**

Uploaded by: Keiffer Mitchell

Position: FAV



LARRY HOGAN  
GOVERNOR

STATE HOUSE  
100 STATE CIRCLE  
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(TOLL FREE) 1-800-811-8336

TTY USERS CALL VIA MD RELAY

Senate Bill 598 – Income Tax – Work Opportunity Tax Credit

Position: Support  
Budget and Taxation Committee  
February 23, 2022

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee:

Since taking office, Governor Hogan has remained committed to expanding employment opportunities for all Marylanders. Senate Bill 598 will help expand these opportunities by allowing Maryland employers that claim the federal Work Opportunity Tax Credit (WOTC) to claim that credit against their State income tax for the lesser amount of either the amount claimed on their federal tax return for the WOTC or the State income tax imposed for that taxable year. The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers for hiring individuals who have consistently faced significant barriers to employment, like veterans.

If enacted, SB 598 will help businesses hire more effectively and reduce their administrative costs by aligning the WOTC with the proposed state tax credit. Research has shown that targeted wage subsidies, including the WOTC, are among the most effective labor market policies for expanding work opportunities. Additionally, the expansion of employment tax credits like the WOTC, increase the average length of employment, and raise the wages earned by the individuals served by these tax credits. Finally, SB 598 is also cost-effective because these subsidies are only paid when targeted individuals are placed in jobs.

During a time when employers are facing historic workforce shortages, it is critical that we do everything in our power to assist businesses with their ability to hire. Expanding the WOTC to apply to an employer's State income tax will not only assist businesses with the costs of hiring and training new employees, but will also incentivize hiring individuals that have had difficulties finding employment.

If you have any questions or would like to discuss this testimony further, please do not hesitate to contact me at [keiffer.mitchell@maryland.gov](mailto:keiffer.mitchell@maryland.gov) or (410) 974-3336.

Sincerely,

Keiffer J. Mitchell, Jr.  
Senior Counselor & Chief Legislative Officer

# **SB 598\_MDCC\_Income Tax - Work Opportunity Tax Cred**

Uploaded by: Maddy Voytek

Position: FAV



**LEGISLATIVE POSITION:**

**Favorable**  
**Senate Bill 598**  
**Income Tax – Work Opportunity Tax Credit**  
**Senate Budget and Taxation Committee**

**Wednesday, February 23, 2022**

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

Currently, the Work Opportunity Tax Credit is a *federal* income tax credit available to employers for hiring individuals who face significant barriers to employment. SB 598 would expand the Work Opportunity Tax Credit to mirror the federal benefit to the State income tax.

Small businesses are the backbone of Maryland's economy and many employ individuals that have barriers to employment. In a historically tight labor market, these individuals help businesses meet their talent needs. They also strengthen a business's competitive edge by creating a culture of diversity and fostering creative business solutions.

SB 598 provides conformity between the federal Work Opportunity Tax credit and State law, which results in much needed relief for business owners in Maryland. By creating this additional tax credit, business owners will be further incentivized to hire individuals with barriers to employment. SB 598 is a great example of government supporting both small businesses and their workforce by taking a proactive approach to targeted hiring and economic recovery.

The Maryland Chamber of Commerce respectfully requests a **favorable report** on **SB 598**.

**SB598 Rusyniak 2-17-22.pdf**

Uploaded by: Sherry Nickerson

Position: FAV



February 17, 2022

The Honorable Guy Guzzone  
Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West Wing  
11 Bladen St.  
Annapolis, MD 21401

**Re: SB 598, *The Work Opportunity Tax Credit***

Chair Guzzone and Members of the Senate Budget and Taxation Committee:

My name is Lisa Rusyniak, President and CEO of Goodwill Industries of the Chesapeake. Goodwill Industries of the Chesapeake is a strong supporter of this bill.

The purpose of this SB 598 would give state tax credits to employers that hire and retain employees that fall into one of 10 categories of individuals who have faced employment discrimination or that have faced barriers to entering the workforce. The main categories eligible include individuals on food stamps, TANF, long term unemployment, reentering felons, and disabled veterans.

SB 598 is important as the economy struggles to increase the labor participation rate and to support the significant wage inflation we are seeing in the economy. The tax credit is being proposed as a state of Maryland companion to the widely used federal Work Opportunity Tax Credit. WOTC is one of the only tax credits that is supported by business, labor, and social justice organizations.

This tax credit is important as Goodwill provides workforce development services to the population this credit targets. In 2021, Goodwill provided 17,404 services to Baltimore and Eastern Shore residents. Goodwill offers free case management, apprenticeships, and job placement services to those with the most difficult barriers to employment. Our primary focus is on ex-offenders, people who have been chronically unemployed, receiving public assistance, and veterans. Last year, Goodwill program participants filled 916 jobs with employers throughout our territory with an average wage of \$15.16.

We support more than 220 employers throughout the State who hire our graduates. We believe this tax credit would be a strong incentive to those employers and incentivize many more to hire people with disadvantaging conditions.

We urge a favorable report on SB 598.

Sincerely,



Lisa Rusyniak  
President and CEO

# **SB0598\_FAV\_MedChi\_Income Tax - Work Opportunity Ta**

Uploaded by: Steve Wise

Position: FAV

# MedChi

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*The Maryland State Medical Society*

1211 Cathedral Street  
Baltimore, MD 21201-5516  
410.539.0872  
Fax: 410.547.0915

1.800.492.1056

www.medchi.org

TO: The Honorable Guy Guzzone, Chair  
Members, Senate Budget and Taxation Committee

FROM: J. Steven Wise  
Pamela Metz Kasemeyer  
Danna L. Kauffman  
Christine K. Krone

DATE: February 23, 2022

RE: **SUPPORT** – Senate Bill 598 – *Income Tax – Work Opportunity Tax Credit*

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The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **supports** Senate Bill 598.

Senate Bill 598 creates a nonrefundable credit against the State income tax for up to 100% of the federal Work Opportunity Tax Credit claimed by an employer. The federal credit is available to employers for hiring individuals who are considered to face significant barriers to employment. According to the Fiscal Note, in the first year of employment, employers can claim a credit equal to 40% of the first \$6,000 of wages paid to an employee who is certified by a state workforce agency as being a member of a targeted group.

MedChi believes that this tax credit will serve to further incentivize employers to hire individuals from the targeted groups. For this reason, MedChi supports Senate Bill 598.

**For more information call:**

J. Steven Wise  
Pamela Metz Kasemeyer  
Danna L. Kauffman  
Christine K. Krone  
410-244-7000

# **Senate Bill 598 - to B&T - Work Opportunity Tax C**

Uploaded by: Henry Bogdan

Position: FWA

**February 23, 2022**

**Testimony on Senate Bill 598**  
**Income Tax – Work Opportunity Tax Credit**  
**Senate Budget and Taxation Committee**

**Position: Favorable with Amendment**

Maryland Nonprofits is a statewide association of more than 1300 nonprofit organizations and institutions. We urge you to support Senate Bill 598 with an amendment that allows those nonprofits who can participate in the federal Work Opportunity Tax Credit program to receive a similar incentive under this Bill.

Nonprofits represent approximately 12 percent of private employment in the state and have experienced most of the same workforce challenges as other employers throughout the COVID pandemic as well as losses of revenue.

While many of the provisions of the Federal WOTC do not apply to nonprofits, tax-exempt organizations described in IRC Section 501(C) may claim the credit for hiring qualified veterans. At the federal level, after the required certification (Form 8850) is secured, tax-exempt employers can claim the credit against the employer's share of Social Security tax by separately filing Form 5884-C, Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans.

At the state level, the amendment would allow nonprofit employers to claim the state tax credit against their employer withholding account with the State Comptroller. This process is already in state law and used for current state tax credits for employer provided commuting benefits, and for employment of persons with physical or mental disabilities.

We urge you to give Senate Bill 598 a favorable report as amended.

Proposed Amendments to the Senate Budget and Taxation Committee  
(By Maryland Nonprofits)

AMENDMENTS TO SENATE BILL 598

(FIRST READING FILE BILL)

AMENDMENT NO. 1

On page 1, in line 5, after “employment;” insert: “allowing certain tax-exempt organizations to claim the credit under certain circumstances;”.

AMENDMENT NO. 2

On page 2, after line 2, insert:

“(C) AN EMPLOYER THAT IS AN ORGANIZATION EXEMPT FROM TAXATION UNDER § 501(C) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER THIS SECTION AS A CREDIT FOR THE PAYMENT TO THE COMPTROLLER OF TAXES THAT THE ORGANIZATION:

(1) IS REQUIRED TO WITHHOLD FROM THE WAGES OF EMPLOYEES UNDER § 10-908 OF THIS TITLE; AND

(2) IS REQUIRED TO PAY TO THE COMPTROLLER UNDER § 10-906(A) OF THIS TITLE.”;

and in lines 3 and 5, strike “(C)” and “(D)”, respectively, and substitute “(D)” and “(E)”, respectively.