

HB002 Support.pdf

Uploaded by: Balfour Albacarys

Position: FAV

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS - LOCAL UNION No. 24

AFFILIATED WITH:
Baltimore-D.C. Metro Building Trades Council — AFL-CIO
Baltimore Port Council
Baltimore Metro Council — AFL-CIO
Central MD Labor Council — AFL-CIO
Del-Mar-Va Labor Council — AFL-CIO
Maryland State - D.C. — AFL-CIO
National Safety Council



AFL-CIO-CLC
BALTIMORE, MARYLAND 21230

C. SAMUEL CURRERI, President
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Written Testimony of
Rico Albacarys, Assistant Business Manager, IBEW LOCAL 24
Before the
Ways and Means Committee On
HB 02 Income Tax – Work Opportunity Tax Credit

Support

January 24, 2022

Madame Chair Atterbeary and Committee Members,

Thank you for the opportunity to submit my testimony in **support** of House Bill 02.

My name is Rico Albacarys and I'm an employee and member of the International Brotherhood of Electrical Workers Local 24, in Baltimore. My job with Local 24 is to find qualified electricians and help send them to work for one of our signatory contractors. In the absence of qualified electricians, my job is to find individuals that want to be electricians, and to direct them towards our apprenticeship and training facility. As a member organization, we don't employ electricians in the construction industry, we

only help guide them to our partner contractors. Our contractors do a fair job of finding ways to employ disadvantaged individuals, but many other businesses see what a lot business minded people see, the bottom line. They have to gauge the return on investment with a returning citizen or some other individual with a barrier to employment. HB 02 aims to help change the balance on that risk vs reward and make it more likely for employers all over the State to take a chance on some of these residents.

As a returning citizen myself, I can not tell you how many times I cringed as I filled out an application asking about my past. Just like any one else, I wanted a chance to prove my worth and had a lot of anxiety, wondering if I would be given that chance. After many applications submitted with no response, I was lucky to be given that chance. Many of my fellow residents have not been as lucky, and we as a State need to do more to help them. HB 02 is the first step in that direction and that's why I ask that you give it your **support**.

Sincerely

A handwritten signature in black ink, appearing to read 'Rico Albacarys', with a long horizontal flourish extending to the right.

Rico Albacarys

Assistant Business Manager

HB 002 - Income Tax – Work Opportunity Tax Credit

Uploaded by: Dakota Matthews

Position: FAV



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Website: www.rural.maryland.gov
Charlotte Davis, Executive Director

John Hartline, Chair

Testimony in Support of
House Bill 002 Income Tax – Work Opportunity Tax Credit
House Ways and Means Committee
January 26, 2022

The Rural Maryland Council supports House Bill 002 - 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 House Bill 002 - 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

“A Collective Voice for Rural Maryland”



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Email: rmc.mda@maryland.gov
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Charlotte Davis, Executive Director

John Hartline, Chair

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.

HB2 Family League Written Support.pdf

Uploaded by: Demaune Millard

Position: FAV



Testimony in Support of House Bill 2

Income Tax- Work Opportunity Tax Credit

To: Chair Vanessa Atterbeary and Members of the Ways and Means Committee

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

Date: January 26, 2022

Family League of Baltimore (Family League) supports HB2 Income Tax- Work Opportunity Tax Credit 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.

HB2 specifically targets job creation for the long-term unemployed (27 consecutive weeks) and TANF 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 HB2 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

HB0002 - 1.26.22-- Income Tax - Work Oppurtunity T

Uploaded by: Donald Fry

Position: FAV



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 2 – INCOME TAX - WORK OPPORTUNITY TAX CREDIT

Delegate Eric Luedtke

January 26, 2022

DONALD C. FRY

PRESIDENT & CEO

GREATER BALTIMORE COMMITTEE

Position: Support

House Bill 2 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 House Bill 2.

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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HB2 Sponsor Testimony.pdf

Uploaded by: Eric Luedtke

Position: FAV

ERIC LUEDTKE
Legislative District 14
Montgomery County

MAJORITY LEADER

Ways and Means Committee

Chair, Revenues Subcommittee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

SPONSOR TESTIMONY

House Bill 2 - Income Tax – Work Opportunity Tax Credit

Madame Chair, Members of the Ways and Means Committee,

When the COVID-19 pandemic shut down the economy in March 2020, Maryland's unemployment rate exploded from 3.5% to 9% almost overnight. Thankfully, many of those who found themselves jobless during the shutdown have since returned to employment. But despite this progress, the unemployment rate remains nearly 2% higher than pre-pandemic levels.

During these trying past two years, many Marylanders found themselves for the first time in their professional lives unemployed and uncertain about how they would pay their bills. My office received thousands of assistance requests for unemployment insurance and talked to countless constituents about the uncertainty that unemployment has caused in their lives. However, for too many in our state this was not a novel experience. This is a group referred to broadly as the chronically unemployed and includes certain groups who struggle finding employment including veterans, people with disabilities, and returning citizens.

Many of these Marylanders have discovered over time that re-employment becomes more difficult the longer they are unemployed. Employers are more likely to hire workers that have recently been employed, creating an additional barrier for those who are trying to rebuild their economic security. This is an unforgiving cycle that too many have found themselves trapped in.

The federal government created the Work Opportunity Tax Credit (WOTC) in 1996 to help alleviate this problem and it has returned great results. The idea of the credit is to provide businesses who hire employees from targeted groups with a tax credit. In effect, it lowers the cost to employers of hiring Marylanders who are struggling to find employment. Now, to build on the success of this program, I have put forward this proposal to create a 1:1 state match for the federal WOTC. This will further incentivize employers to open opportunities to Marylanders who are looking for work and help the chronically unemployed get back on their feet.

This proposal has the potential to vastly improve the lives of Marylanders in communities around the state while lowering costs for businesses. I thank the committee for considering this proposal and urge you to issue a favorable report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eric Luedtke".

Delegate Eric Luedtke

HFAM Testimony HB 2 Final.pdf

Uploaded by: Joseph DeMattos

Position: FAV



**TESTIMONY BEFORE THE
HOUSE WAYS AND MEANS COMMITTEE**

January 26, 2022

House Bill 2: 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 House Bill 2. 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 in the state.

House Bill 2 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 House Bill 2.

Submitted by:

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

Favorable Written Testimony in Support of HB 2.pdf

Uploaded by: Kayla Mock

Position: FAV

**Testimony in Support of HB 2
Income Tax – Work Opportunity Tax Credit
January 24, 2022**

To: Honorable Vanessa Atterbeary, Chair, and members of the House Ways and Means Committee

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

Chair Atterbeary and members of the House Ways and Means 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 HB 2 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.

HB 2 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 HB 2.

House Bill 2 – Income Tax – Work Opportunity Tax C

Uploaded by: Keiffer Mitchell

Position: FAV



LARRY HOGAN
GOVERNOR

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TTY USERS CALL VIA MD RELAY

House Bill 2 – Income Tax – Work Opportunity Tax Credit

Position: Support
House Ways and Means Committee
January 26, 2022

Chair Atterbeary, Vice Chair Washington, and Members of the Committee:

Since taking office, Governor Hogan has remained committed to expanding employment opportunities for all Marylanders. HB 2 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, HB 2 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, HB 2 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 or (410) 974-3336.

Sincerely,

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



hb2letterofsupport (1).pdf

Uploaded by: Kevin Heffner

Position: FAV



January 21, 2022

Maryland House of Delegates
House Office Building
6 Bladen Street
Annapolis, Maryland

Dear Speaker Jones and Delegates,

On behalf of LifeSpan Network, it is my privilege to write in support of HB2, The Work Opportunity Tax Credit (or "WOTC"). As you are aware, HB2 would provide a corresponding state tax credit 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.

LifeSpan Network is the largest and most diverse senior living association in Maryland. LifeSpan's members represent more than 280 institutional providers of skilled nursing, assisted living, retirement living, and home and community-based services. These organizations represent more than 40,000 older adults and those who serve them. HB2, the WOTC, would provide a much-needed vehicle to hire new employees from these targeted groups.

The senior living industry in Maryland has been particularly impacted by the COVID-19 pandemic, making it difficult for employers to hire direct care workers and others who provide support to the state's most vulnerable elderly citizens. Prior to the pandemic, attracting and retaining workers for these roles was a challenge; for the past two years, COVID-19 has exacerbated these challenges, making it exceedingly difficult for employers to retain and replace workers and maintain adequate staffing ratios as required by the state.

As you know, The Biden Administration is promoting WOTC as an important tool to creating new jobs while investing in social equity. HB2 provides a state tax credit for employers that hire and retain employees from these targeted groups. By modeling the federal credit, the state credit is easy for employers and the state to administer, scale and succeed. WOTC takes people off of social programs into taxable employment, and thus the state will financially benefit from the accelerated hiring.

HB2 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. In the senior living industry, WOTC would provide much-needed relief for the current workforce shortage.

On behalf of LifeSpan and its members, thank you for your consideration of this important bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin D. Heffner", followed by a horizontal line.

Kevin D. Heffner, MAGS
President

HB 2 MDCC Income Tax - Work Opportunity Tax Credit

Uploaded by: Maddy Voytek

Position: FAV



LEGISLATIVE POSITION:

Favorable
House Bill 2
Income Tax – Work Opportunity Tax Credit
House Ways and Means

Wednesday, January 26, 2022

Dear Chairwoman Atterbeary 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. HB 2 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.

HB 2 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. HB 2 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 **HB 2**.

HB2 Rusyniak 1-21-22.pdf

Uploaded by: Sherry Nickerson

Position: FAV

January 21, 2022

The Honorable Vanessa E. Atterbeary, Chair
House Ways and Means Committee
House Office Building Room 131
6 Bladen Street
Annapolis, MD 21401

Re: H.B. 2, *The Work Opportunity Tax Credit*

Chair Atterbeary and Members of the House Ways and Means 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 HB2 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.

HB2 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 HB 2.

Sincerely,



Lisa Rusyniak
President and CEO

HB2 Victoria Leonard LiUNA (FAV).pdf

Uploaded by: Victoria Leonard

Position: FAV



January 26, 2022

The Honorable Vanessa Atterbeary
Chair, House Ways and Means Committee
House Office Building Room 131
Annapolis, Maryland 21401

HB2 – Income Tax – Work Opportunity Tax Credit

Written Testimony of Victoria Leonard

Position – Favorable

Thank you Chair Atterbeary and members of the House Ways and Means Committee for the opportunity to submit written testimony on HB2. My name is Victoria Leonard, Political and Legislative Director for the Baltimore-Washington Laborers' District Council (BWLDC), an affiliate of the Laborers' International Union of North America, or LiUNA for short. The BWLDC represents more than 7,500 members across Maryland, Virginia, and the District of Columbia. Our members are proudly employed on many infrastructure construction projects across the region, including the Purple Line, BGE and WGL gas pipeline replacement projects, the Clean Rivers CSO tunnel projects, and the WMATA station upgrades, to name a few.

LiUNA supports HB2.

HB2 is good for both employers and employees. The bill is modeled on the widely supported federal Work Opportunity Tax Credit, or WOTC, that has been law since 1996. HB2 provides a state tax credit for employers that hire and retain employees from targeted groups, including SNAP and TANF recipients, the long-term unemployed, returning citizens, and disabled veterans. Because HB 2 is modeled on the federal credit, it will be easy for employers and the state to administer, scale, and succeed.

The BWLDC supports HB2 because it will help create employment opportunities for Maryland residents who have been underrepresented or faced discrimination in the workforce. Specifically, the bill will help workers move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers.

The BWLDC urges the committee to vote favorably on HB2.

House Bill 2 - Work opportunity Tax Credit Support

Uploaded by: Henry Bogdan

Position: FWA

January 26, 2022

Testimony on House Bill 2
to the House Ways and Means Committee
Income Tax – Work Opportunity Tax Credit

Position: Favorable with Amendment

Maryland Nonprofits is a statewide association of more than 1300 nonprofit organizations and institutions. We urge you to support House Bill 2 with an amendment to be offered by the sponsor, that allows those nonprofits who 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 most 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 claim the credit against the employers 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 the employer withholding account with the State Comptroller. This would work in the same way that the current state tax credits for employer provided commuting benefits and for employment of persons with physical or mental disabilities have done for a number of years.

We urge you to give House Bill 2 a favorable report as amended in that form.