



Testimony in Support of Senate Bill 881

Income Tax- Work Opportunity Tax Credit

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

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

Date: March 3, 2020

Family League of Baltimore (Family League) supports SB881 Income Tax- Work Opportunity Tax Credit as it would allow employers to claim a credit against the State income tax in a certain amount for certain wages paid to certain individuals with barriers to employment; providing that the credit may not exceed 100% of the Federal Work Opportunity Credit claimed by an employer on the employer's federal income tax return.

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.

SB881 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 SB881 in particular because of its alignment with the result area, working to ensure "Families are Safe and Economically Stable."

For more information contact Keontae Kells, Public Policy Assistant kkells@familyleague.org