



# Oregon

John A. Kitzhaber, MD, Governor

Department of Veterans' Affairs

700 Summer Street NE, Salem, OR 97301

Phone: (503) 373-2085

Fax: (503) 373-2362

## Senate Committee on Veterans and Emergency Preparedness

### SB 133

### Veteran Employment Tax Credit

Mr. Chair and Members of the Committee,

For the record, my name is Tom Mann and I am the Administrator of the Veterans' Services Division at the Oregon Department of Veterans' Affairs. I am here today to provide information regarding SB 133, which would institute a state tax credit for businesses that hire veterans.

As the Committee is aware, in 2008 the Governor's Task Force on Veterans' Services recognized a need to help veterans find employment. As many as 50 percent of returning veterans were either unemployed or under employed after demobilizing back to Oregon. As the economy worsened, so did employment numbers, especially for veterans aged 18-24 and those in rural Oregon.

In response, the federal government implemented the Work Opportunity Tax Credit (WOTC), which provided between \$2,400 and \$9,600 in tax credits to private-sector businesses and some non-profits that hired veterans.

SB 133 piggybacks on the WOTC program by offering an Oregon Tax Credit to businesses that hire veterans. Based on hours worked, a business could receive as much as a \$1,000 tax credit per veteran; the amount is pro-rated for those veterans who work part-time instead of full-time and for employment of veterans for more than 6 months but less than a year.

Let me quickly talk about the loss of revenue versus investment aspect of this tax credit. Certainly, any tax credit result in a loss of revenue when examined in a vacuum. However, in this case it could be argued that the revenue loss would be made up and possibly exceeded by the expanded payroll and W-2 taxes paid by employing more veterans. It may be semantics, but you can look at this tax credit two ways: It's either lost revenue or it's an investment based on larger returns when more veterans are put to work.

This Committee has been incredibly supportive of veteran employment legislation, having passed bills ranging from direct licensing for military skills to interviews for veterans who meet minimum qualifications. SB 133 is just another method to help veterans find employment and reward employers who hire them.

I'd be happy to answer any questions.