



Work Opportunity Tax Credit Program

support business & promote employment

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Important Notice

The legislative authority for the WOTC program expired on December 31, 2013. At this time, we have no indication whether Congress may pass legislation extending authority. However, in the past when the program's authority lapsed, Congress has retroactively reauthorized the program back to the date of expiration. In anticipation of possible retroactive reauthorization, employers should continue to submit WOTC applications for all target groups to State Workforce Agencies.

- Oregon continues to process WOTC requests received prior to the lapse in authority.
- In March of 2014 Oregon brought online an automated WOTC decision system which greatly increased capacity to receive and process WOTC applications.

Program Description

The WOTC provides employers an incentive, in the form of federal tax credits, to hire certain target group members. To qualify, the hiring employer must apply for and receive a WOTC certification, which is issued by the Oregon Employment Department (OED) through its WOTC Unit.

Time constraints apply, and employers must **mail completed forms to the WOTC Unit no later than 28 calendar days** after the employee starts work.

The tax credit ranges from \$2,400 to \$9,600, and is based on the target group of the new employee, hours worked, and the amount of qualified wages paid. For most WOTC-certified employees that worked a minimum of 400 hours, the tax credit is based on 40 percent of up to \$6,000 in qualified first-year wages paid (.40 x \$6,000 = \$2,400). If the employee worked between 120 and 399 hours, the tax credit is figured at 25 percent of qualified wages paid. The WOTC is claimed by completing IRS Form 5884 and attaching the document to the employer's federal tax return.

WOTC targeted groups in Oregon include:

- Veterans
- Temporary Assistance for Needy Families (TANF) Recipients
- Qualified Ex-felons
- Vocational Rehabilitation Referrals
- Food-stamp (FS) Recipients (age 18-through 39)
- Supplemental Security Income (SSI) Recipients
- Long-term Family Assistance Recipients

Funding Source

The U.S. Department of Labor awards a grant to OED for the administration of the eligibility determination and certification provisions. This grant also funds activities to promote program awareness and its use.

Budget

The program is funded on a federal fiscal year basis. The FY 2014 (October 1, 2013 to September 30, 2014) budget for WOTC is \$217,812.

Staffing

The WOTC budget supports:

- 0.15 FTE, Program Analyst 2
- 2.0 FTE, Program Analyst 1
- 0.25 FTE, Office Specialist 2

Services Provided

FY 2014 program activities included:

- 29,784 WOTC applications received in Oregon.
- 96,746 applications processed eliminating a two year backlog.
- 74,460 decisions issued on new hires.
- 41,078 certifications that authorize use of the WOTC were issued to employers, representing a maximum potential of \$126,674,400 in Federal tax credits for Oregon businesses.