

HB 2887 A STAFF MEASURE SUMMARY

House Committee On Veterans and Emergency Preparedness

Action Date: 04/11/17
Action: Do pass with amendments
and be referred to Revenue by prior reference. (Printed A-Eng.)
Vote: 7-0-1-0
Yeas: 7 - Boone, Esquivel, Evans, Lively, Meek, Parrish, Post
Exc: 1 - Lewis
Fiscal: No fiscal impact
Revenue: Revenue impact issued
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WHAT THE MEASURE DOES:

Creates a personal and corporate income tax credit for employers who hire qualifying veterans. Permits employers with 100 or fewer employees a tax credit of \$1000 per qualifying veteran per tax year, increasing \$100 per year, not to exceed \$1500. Permits all other employers \$750 per qualifying veteran per tax year, increasing \$100 per year, not to exceed \$1250. Allows tax credit for up to three tax years provided the employer pays qualified veterans a wage that is at least \$1.00 more than prevailing minimum wage. Permits tax credits to be carried forward for up to three tax years. Authorizes rulemaking by the Oregon Department of Veterans' Affairs. Applies to tax years beginning on or after January 1, 2017, and before January 1, 2023. Takes effect 91st day after *sine die*.

ISSUES DISCUSSED:

- Incentives for employers to hire and retain veterans

EFFECT OF AMENDMENT:

Allows employers to claim tax credit provided the veteran is paid at least \$1 more than prevailing minimum wage. Requires employers to retain copies of veterans' discharge form. Allows employer to claim credit up to three tax years.

BACKGROUND:

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to private businesses and certain non-profit organizations for hiring certain individuals, including veterans, who may face barriers to employment. The WOTC only applies to new employees and is a one-time credit per employer for hiring persons from targeted populations. There is currently no tax credit exclusively for hiring veterans.

House Bill 2887 A creates a personal and corporate tax credit for up to three years against income taxes for hiring qualified veterans, of \$750 to \$1000 depending on the size of the employer, provided the employer pays at least \$1.00 more than the applicable minimum wage rate. The tax credit increases by \$100 annually up to \$1250 and \$1500, respectively.