

Chapter 11: Youth
Work Opportunity Tax Credit (WOTC)

Issue Date/
Effective Date: August 20, 2010 Updated: February 7, 2012

Required Action

Action: To remind WSAs and youth service providers that employers may qualify for tax credits under the Work Opportunity Tax Credit (WOTC) for hiring members of particular target groups.

Who: All WSAs and youth service providers in the State of Minnesota.

Background: The Work Opportunity Tax Credit (WOTC) is a federal credit available to private for-profit employers who hire eligible participants from particular target groups into unsubsidized employment. The legislative authority to continue WOTC expired on December 31, 2011 for non-veterans. USDOL guidance instructs State Workforce Agencies to continue accepting application for the expired target groups after December 31, 2011, in the event that Congress retroactively reauthorizes the program for the groups that expired.

Policies and Procedures:

For the employer to claim the WOTC for a new hire, the employee must be certified as a member of a targeted group by meeting the criteria described in any of the groups listed below. The employer is not expected to verify eligibility of the employee at the time of hire.

1. **Short-Term Temporary Assistance for Needy Families (TANF) Recipient** – A member of a family that received assistance through Minnesota Family Investment Program (MFIP) for any 9 months during the 18-month period ending on the hiring date.
2. **Qualified Veteran** – Is (a) a veteran and a member of a family that received food stamps for at least a 3-month period during the 15-month period ending on the hiring date, OR (b) a disabled veteran who is entitled to compensation for a service-connected disability AND is hired within one year of discharge or release from active duty OR who has been unemployed for at least 6 of the last 12 months prior to the hiring date. **Note: The Vow to Hire Heroes Act of 2011 amends and expands the definition of WOTC’s Veteran target groups and extends the WOTC for veterans through December 31, 2012. The Act also allows qualified “tax-exempt” (i.e. 501(c)) organizations to participate by hiring qualified veterans and claiming the WOTC. For further information, visit the Minnesota WOTC webpage:**
http://www.positivelyminnesota.com/Business/Finding_Workers/Hiring_Incentives/Credits/Work_Opportunity_Tax_Credit.aspx
3. **Qualified Ex-Felon** – Individual convicted of a felony that is hired within one year after the conviction or release date from a correctional facility.

4. **Designated Community Resident** – Individual who is age 18 but not yet 40 years old on the hire date and who lives within an Empowerment Zone (EZ) or a Rural Renewal County (RRC). In Minnesota, EZ eligibility is limited to certain areas in the City of Minneapolis. Use the following website to find out if an address is within the EZ: <http://egis.hud.gov/ezrclocator/>. The Rural Renewal Counties are Big Stone, Chippewa, Cottonwood, Faribault, Jackson, Kittson, Koochiching, Lac qui Parle, Lincoln, Marshall, Martin, Murray, Norman, Pipestone, Red Lake, Redwood, Renville, Stevens, Traverse, Wilkin and Yellow Medicine.
5. **Vocational Rehabilitation Referral** – Individual with a physical or mental disability referred to an employer upon completion of (or while receiving) rehabilitation services by an agency approved by the State, by an employment network under the Ticket-to-Work Program, or by the Department of Veterans Affairs, and with a written employment plan.
6. **Summer Youth Employee** – Individual who is 16-17 years old and who lives within the City of Minneapolis only, and whose address is within the Empowerment Zone (EZ). May work only between May 1 and September 15. In Minnesota, EZ eligibility is limited to certain areas in the City of Minneapolis. Use the following website to find out if an address is within the EZ: <http://egis.hud.gov/ezrclocator/>
7. **Food Stamp Recipient (Supplemental Nutrition Assistance Program – SNAP)** – Individual who is age 18 but not yet 40 as of the hire date and a member of a family that received food stamps for EITHER the 6-month period ending on the hiring date, OR for at least 3 of the 5 months ending on the hiring date in the case of a family member who ceased to be eligible for such assistance and is an able-bodied adult without dependents.
8. **Supplemental Security Income (SSI) Recipient** – Individual who has received SSI benefits for any month ending during the past 60-day period ending on the hiring date.
9. **Long-Term Family Assistance Recipient** – Member of a family that received MFIP benefits (a) for at least 18 consecutive months ending on the hiring date OR (b) member of a family that received MFIP for any 18 months beginning after August 5, 1997, and the earliest 18-month period, beginning after August 5, 1997, ended during the past 2 years, OR (c) whose family stopped being eligible for MFIP because Federal or state law limited the maximum time those payments could be made, and the individual is hired not more than 2 years after eligibility expired.

Note: One additional category, Hurricane Katrina Employee, does not apply to Minnesota employers. Two additional categories, Unemployed Veteran and Disconnected Youth, only applied to individuals hired after 2008 and before 2011.

Additional information about the Work Opportunity Tax Credit and links to the required forms can be found on DEED's WOTC website:

http://www.positivelyminnesota.com/Business/Finding_Workers/Hiring_Incentives_Credits/Work_Opportunity_Tax_Credit.aspx

QUESTIONS REGARDING THE WORK OPPORTUNITY TAX CREDIT (WOTC) MAY BE DIRECTED TO DEED'S WOTC UNIT AT (651) 259-7507 OR TOLL FREE AT 1-888-234-5521 OR DEED.WOTC@STATE.MN.US.

Reference Section:

Cites/References: WOTC website:

http://www.positivelyminnesota.com/Business/Finding_Workers/Hiring_Incentives_Credits/Work_Opportunity_Tax_Credit.aspx

Training and Employment Guidance Letter (TEGL) No. 15-11, dated January 24, 2012;
http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6787

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Youth website:

http://www.positivelyminnesota.com/All_Programs_Services/Office_of_Youth_Development