



News Release

For Immediate Release

Contact: Joe DiLaura 317/232-3396

Federal tax credit programs for employers see \$46 million jump in credits

INDIANAPOLIS (October 13, 2006) -- Two federal tax credit programs aimed at providing incentives to employers to hire difficult to hire individuals have seen a huge increase in the number of applications and tax credits certified in the most recent program year, according to the Indiana Department of Workforce Development.

As a result of the increase, Indiana employers will receive \$46 million more in federal tax credits than they received in the previous program year.

Statistics compiled by the department for the Work Opportunity Tax Credit (WOTC) and the Welfare to Work programs (WtW) indicate the number of certification requests jumped from 34,124 to 46,979 from program year 2004 to program year 2005. Program year 2005 ended on June 30, 2006.

The value of the tax credits authorized statewide jumped from \$18.6 million in program year 2004 to \$64.6 million.

“The increase in program activity indicates that Indiana employers are utilizing various tools and incentives available to them to put Hoosiers to work,” said Ron Stiver, commissioner of the Indiana Department of Workforce Development. “It is also gratifying that more workers who traditionally have had difficulty finding work are becoming part of the Hoosier workforce.”

The Work Opportunity Tax Credit tax credit program was developed by the federal government to provide incentives to employers to hire eight groups of individuals who historically have had difficulty in securing employment:

- Recipients of the Aid To Families with Dependent Children (AFDC) / Temporary Assistance to Needy Families (TANF) programs.
- Veterans
- Ex-felons
- High Risk Youth
- Vocational Rehabilitation Referrals
- Summer Youth
- Food Stamp Recipients
- SSI Recipients:

The tax credits for WOTC are two-tiered:

- If an employee works 120 - 400 hours, the employer may qualify for a credit of 25 percent of up to \$6000 of the employee's wages (maximum credit is \$1500).
- If an employee works more than 400 hours, the employer may qualify for a credit of 40 percent of up to \$6000 of the employee's wages (maximum credit is \$2400).

The Welfare to Work tax credit is aimed at welfare recipients (AFDC or TANF) who have been receiving benefits for at least 18 months, or who have been removed from these programs because of federal or state time limits.

The credit is 35% of the first \$10,000 during the first year of employment. The credit for continued employment during the second year is 50% of the first \$10,000 in wages.

Both programs were re-authorized until December 31, 2005, and state officials are awaiting the re-authorization of the program by the U.S Congress. U.S. Dept. of Labor officials have advised the states to continue to process the tax credit applications, as program reauthorization and funding are expected before the end of the year.