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Stimulus package adds new employer tax credit incentives

PIERRE, S.D. – The South Dakota Department of Labor (DOL) announced two new target groups have been added to the Work Opportunity Tax Credit (WOTC) program as part of the federal stimulus package. Employers hiring unemployed veterans or disconnected youth can now be eligible to receive a federal income tax credit.

The WOTC program encourages employers to hire individuals from certain targeted groups which consistently experience high rates of unemployment due to a variety of employment barriers. In 2008, South Dakota employers received over \$6.3 million in tax credits.

“WOTC helps people become productive members of the workforce through on-the-job training experience,” said State Labor Secretary Pam Roberts. “The Department of Labor is ready to help the additional veteran and youth applicants of these two new groups prepare for quality jobs.”

Unemployed veterans are people who served on active duty in the Armed Forces and have been discharged or released. They must have received unemployment compensation under state or federal law for at least four weeks.

Disconnected youth are people between 16 and 24 years old not regularly attending any school and not regularly working. To qualify, they must also lack a sufficient number of basic skills.

“Employers have the opportunity to save up to \$2,400 in tax credits by hiring from one of the target groups,” said Secretary Roberts. “There is minimal paper work and no limit to the number of new hires who can qualify them for tax credits.”

There were nine target groups which represented 5,515 applications in South Dakota in fiscal year 2008. Of those, 2,648 were approved. The groups included welfare recipients, veterans, ex-felons, designated community residents, vocational rehabilitation referrals, summer youth employees, food stamp recipients, supplemental security income recipients and long-term family assistance recipients.

DOL administers the WOTC program by collecting applications, verifying target group status and issuing an employer certificate for IRS purposes. For more information on

the WOTC program and complete eligibility details on the new target groups, contact Peggy Carrico at 605.626.7652 ext. 4415 or visit www.sdjobs.org.

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* Carrico pronounced (CAYR'-i-coh)