



The **Work Opportunity Tax Credit (WOTC)** is a federal income tax credit that encourages employers to hire individuals in certain targeted groups which consistently experience high rates of unemployment due to a variety of employment barriers.

Employers can save thousands of dollars through participating in this program.

The potential new employee must belong to one of the following groups to be eligible.

- A long term TANF (welfare/cash assistance) recipient
- Various Veterans receiving assistance or unemployed
- Ex-felon convicted or released in last 12 months
- Various job seekers receiving SSI, Voc. Rehab. Services or in an empowerment zone  
(Many more details involved in eligibility)

#### **WHAT FEDERAL INCOME TAX SAVINGS CAN AN EMPLOYER EXPECT?**

The maximum tax credit is \$2,400 per new hire. (Some exceptions depending upon category)  
Full credit is calculated at 40 percent, up to \$2,400. Employees are required to work a minimum of 400 hours or more. Partial credit of 25 percent, up to \$1,500, requires a new employee to work at least 120 hours but less than 400 hours.

#### **How do participants sign up?**

- Visit a SD Dept. of Labor local office (see bottom contact information)
- Fill out two forms, verify SSN & DOC ID

#### **How do employers sign up?**

- One new hire at a time!
- Fill out a form, 1 piece of paper and send it to the SD coordinator of this program.

(Both participants and employers can print off forms on line and send into the SD coordinator as well)

Many major corporations hire ADP or other large HR companies to automate the application process for all their applicants and take advantage of thousands of tax \$ savings every year.

#### **What is the hard part of this great program?**

Job Seeker Applicants must first get an interview, connect with a potential employer, and explain the benefit of the program.

Employers have to be open to listening and filling out the 1 piece of paper then send it in.

#### **Where do I learn more?**

IRS Form 8850 (WOTC Pre-Screening Notice and Certification Request) and Instructions:

- Download at [www.irs.ustreas.gov](http://www.irs.ustreas.gov)
- Call 202.622.6080
- Download from [www.sdjobs.org](http://www.sdjobs.org) and go to "Learn about Programs" and click on the WOTC Program.
- <http://dlr.sd.gov/wotc/default.aspx>
- ETA FORM 9061 (Individual Characteristics) and Directories of State and Regional Coordinators:
- Download at: [www.doleta.gov/business/incentives/opptax](http://www.doleta.gov/business/incentives/opptax)  
Call or visit any DLR local office in South Dakota.
- <http://dlr.sd.gov/localoffices/default.aspx>



## The Federal Bonding Program

The bonds issued by the FBP guarantee the job honesty of job seekers to employers who want to hire them. Employers receive the bonds – starting at \$5000.00 value – free-of-charge as an incentive to hire these applicants; coverage is for the first six months of a selected individual's term of employment. The FBP bond insurance was designed to reimburse the employer for any loss due to employee theft of money or property:

- NO special application form for job seeker to complete
- NO bond approval process
- NO Federal regulations covering bonds issued
- NO papers for employers to submit or sign
- NO follow-up or required termination actions
- NO deductible in bond insurance amount if employee dishonesty occurs
- NO bondee age requirements (other than legal working age in State)

No state in the US receives any federal dollars to run the program.

Union Insurance works with the USDOL to will provide this program to the general public.

If States choose to buy more Bonds they must purchase them out of available state funding.

South Dakota has traditionally received five \$5000 Bonds annually, at no cost from the insurance company working with the USDOL. They give states 5 of these at no cost solely to promote the Federal Bonding program.

Because there has not been a demand from employers or job seekers in South Dakota for Federal Bonds and funding remains a question, these have not been actively promoted outside of SD DLR local office employees knowing they are available.

Potential questions concerning this Federal program in SD may include;

- Is there a need?
- Are employers who hire ex-felons now experiencing financial loss via these ex-felons?
- If funding was available, and the program was promoted to employers, would they be encouraged to hire more ex-felons than they do today?
- If funding was available for the Federal Bonds, who would promote their use to employers?
- If Federal Bonds were available who would train and promote these to corrections partners involved in assisting ex-felon job seekers?