



March 24, 2022

The Honorable Anna Caballero  
Chair, Senate Governance & Finance Committee  
California State Senate  
Capitol Annex Swing Space  
O Street  
Sacramento, CA 95819

## **SB 1349 -Work Opportunity Tax Credit - SUPPORT**

Dear Senator:

As California and our nation continues to struggle with the economic consequences of the COVID-19 pandemic, the undersigned are in strong support of your SB 1349, which establishes a Work Opportunity Tax Credit (“WOTC”) available to California employers for hiring individuals from targeted groups who have consistently faced significant barriers to employment.

A federal version of the WOTC identifies ten groups of new hires, including the Supplemental Nutritional Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) recipients, as well as the long-term unemployed, disabled veterans, felons, and other identifiable potential employees that may require assistance to enter the labor force.

By offering a corresponding tax credit using the federal eligibility criteria, the state can efficiently help assist underemployed citizens get back into the workforce. The credit is “earned” by employers as they provide a certain amount of wages over time to an eligible employee, thus encouraging longer term jobs. Employers do not receive the credit until they start paying the wages due for at least 120 hours. The maximum federal credit for most of the categories is \$2,400.

SB 1349 proposes to adopt a corresponding state tax credit for employers, using the same structure as the federal credit and simply scaling the credit for ease of administration by California and employers. SB 1349 allows a \$1,000 California-based WOTC to help increase workforce participation and assist employers in managing significant wage inflation in the service sector. The tax credit is uniquely positioned to support equity as the targeted demographics experienced the most economic pain during the pandemic.

In 2020, California certified 127,188 WOTC-eligible employees for the federal credit. Of the total, 53.94% were eligible through the SNAP program, and 10.56% were eligible through long-term TANF.

The WOTC credit is more important now than ever, as many of our most vulnerable citizens were disproportionately impacted by the pandemic. WOTC helps to target jobs to these citizens and helps businesses recruit and retain new employees as well as assist employers with increasing labor costs in many of our service sectors.

Given the economic disparities the pandemic has highlighted and the need to create jobs to create a full economic recovery, we urge your support of SB 1349 to help our most vulnerable and the employers who create jobs in California.

Sincerely,

ASIAN, Inc.  
Automotive Service Councils of California  
Beaumont Chamber of Commerce  
Big Bear Chamber of Commerce  
BuildOUT California  
Burbank Chamber of Commerce  
California Asian Pacific Chamber of Commerce  
California Association for Micro Enterprise Opportunity  
California Attractions and Parks Association  
California Autobody Association  
California Automotive Business Coalition  
California Beer and Beverage Distributors  
California Building Industry Association  
California Business Roundtable  
California Chamber of Commerce  
California Delivery Association  
California Grocers Association  
California Hispanic Chambers of Commerce  
California Manufacturers & Technology Association  
California Restaurant Association  
California Retailers Association  
California Small Business Association  
California Urban Partnership  
California's Women's Business Centers  
Chino Valley Chamber of Commerce  
Coalition of Small and Disabled Veteran Businesses  
Corona Chamber of Commerce  
Flasher Barricade Association  
Fontana Chamber of Commerce  
Greater Coachella Valley Chamber of Commerce  
Greater High Desert Chamber of Commerce  
Greater Ontario Business Council  
Gusto  
Hemet/San Jacinto Chamber of Commerce  
Highland Area Chamber of Commerce  
Inland Empire Economic Partnership  
Menifee Valley Chamber of Commerce  
Moreno Valley Chamber of Commerce  
Murrieta/Wildomar Chamber of Commerce  
National Federation of Independent Business  
Orange County Business Council  
Perris Valley Chamber of Commerce  
Pomona Chamber of Commerce  
Rancho Cucamonga Chamber of Commerce  
Redlands Chamber of Commerce  
Sacramento Asian Pacific Chamber of Commerce  
Sacramento Regional Builders Exchange  
Slavic American Chamber of Commerce  
Small Business California  
Small Business Majority  
Temecula Valley Chamber of Commerce  
United Chambers of Commerce of the San Fernando Valley

Upland Chamber of Commerce

cc: Members, Senate Governance & Finance Committee