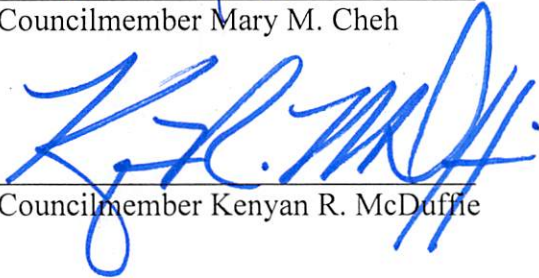


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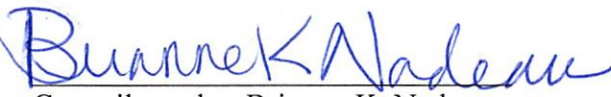
2 Councilmember Mary M. Cheh

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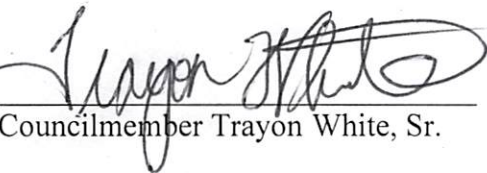
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6 Councilmember Kenyan R. McDuffie

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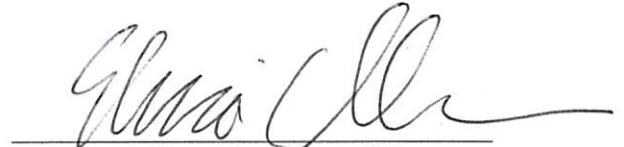
22 Councilmember Trayon White, Sr.



Councilmember Robert C. White, Jr.



Councilmember Anita Bonds



Councilmember Elissa Silverman



Councilmember Vincent C. Gray

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28 A BILL

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33 IN THE COUNCIL OF DISTRICT OF COLUMBIA

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37 To amend Chapter 18 of Title 47 of the District of Columbia Official Code to create a local work
38 opportunity tax credit, to incentivize the employment of District residents with barriers to
39 employment, to establish how businesses qualify for the local work opportunity tax
40 credit, to establish the method for determining the value of the local work opportunity tax
41 credit, and to establish the procedure for granting and administering the local work
42 opportunity tax credit.
43

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Local Work Opportunity Tax Credit Amendment Act of 2018".

Sec. 2. Chapter 18 of Title 47 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended as follows:

(1) A new section designation is added to read as follows:

"47-1807.14. Local work opportunity tax credit."

(2) A new subchapter VII-C is added to read as follows:

"Subchapter VII-C. Local Work Opportunity Tax Credit.

"47-1807.71. Definitions.

"47-1807.72. Local work opportunity tax credit.

"47-1807.73. Local work opportunity tax credit eligibility.

"47-1807.74. Local work opportunity tax credit application, approval, and calculation.

"47-1807.75. Local work opportunity tax credit administration.

"47-1807.76. Rules."

(3) A new section designation is added to read as follows:

"47-1808.14. Local work opportunity tax credit."

(b) A new section 47-1807.14 is added to read as follows:

"§ 47.1807.14. Local work opportunity tax credit."

"A local work opportunity tax credit shall be allowed as provided in subchapter VII-C of this chapter."

(c) A new subchapter VII-C is added to read as follows:

"Subchapter VII-C. Local Work Opportunity Tax Credit.

“§ 47-1807.71. Definitions.

“For the purposes of this subchapter, the term:

“(1) “Eligible employee” means a District of Columbia resident who is a member of a targeted group, as described in paragraph (2) of this section, and is an employee of a taxpayer who:

“(A) Was not employed by the taxpayer at any time prior to the most recent hiring date of the employee, except if the employee previously worked for the employer solely through a summer youth jobs program established pursuant to section 2(a)(1) of the Youth Employment Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-241(a)(1));

“(B) Is not employed as the result of the displacement, other than for cause, of another employee, or as the result of a strike or lockout, or a layoff in which other employees are awaiting recall, or a reduction of the regular wages, benefits, or rights of other employees in similar jobs;

“(C) Is not a member of the board of directors of the taxpayer;

“(D) Is not an owner, directly or indirectly, of a majority of the stock of the taxpayer, or a majority of the capital and profits interests in the taxpayer;

“(E) Does not bear any of the relationships described in subparagraph (A) through (H) of section 152(d)(2) of the Internal Revenue Code of 1986, effective October 22, 1986 (100 Stat. 2085; 26 U.S.C. § 152(d)(2)) to the taxpayer, a member of the board of directors of the taxpayer, an individual who owns, directly or indirectly, a majority of the value of the outstanding stock of the taxpayer, or the majority of the capital and profits interests in the taxpayer;

“(F) If the taxpayer is an estate or trust, is not a grantor, beneficiary, or fiduciary of the estate or trust, and does not bear any of the relationships described in subparagraph (A) through (H) of section 152(d)(2) of the Internal Revenue Code of 1986, effective October 22, 1986 (100 Stat. 2085; 26 U.S.C. § 152(d)(2)) to a grantor, beneficiary, or fiduciary of the estate or trust; and

“(g) Was not employed as the result of a local hiring requirement placed on the taxpayer in exchange for any public benefit;

“(2) “Member of a targeted group” means an eligible employee who is:

“(A) A member of a family, as defined by section 505(2) of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Code § 4-205.05(5)) that has received public assistance pursuant to section 201(5) of the act:

(i) For any 9 months during the 18-month period ending on the hiring date of the employee;

(ii) For any 18 month-period ending in the 2 years prior to the hiring date of the employee; or

(iii) Who ceased to be eligible for such assistance within the 2 years prior to the hiring date by reason of any limitation imposed by Federal or local law on the maximum period that such assistance is payable to a family;

“(B) A qualified veteran who has experienced periods of unemployment during the one-year period ending on the hiring date of the individual which equal or exceed 4 weeks in the aggregate;

111 “(C) An individual who has been convicted of a felony under any statute
112 of the United States or any State and has a hiring date which is not more than 3 years after the
113 last date on which such individual was so convicted or was released from prison;

114 “(D) An individual who previously worked for the taxpayer pursuant to a
115 summer youth jobs program established pursuant to section 2(a)(1) of the Youth Employment
116 Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-241(a)(1));

117 “(E) An individual who has a physical or mental disability which, for such
118 individual constitutes a substantial handicap to employment and has been referred to the
119 employer upon completion of or while receiving rehabilitative services;

120 “(F) An individual who is a member of a household, as defined by Section
121 3(m) of the Food and Nutrition Act of 2008, effective May 22, 2008 (122 Stat. 1664; 7 U.S.C. §
122 2012(m)) receiving supplemental nutrition assistance pursuant to the act for at least 3 months of
123 the 5-month period ending on the hiring date of the individual;

124 “(G) An individual who is receiving supplemental security income
125 benefits under title XVI of the Social Security Act, effective August 14, 1935 (49 Stat. 620; 42
126 U.S.C. 1381 *et seq.*) for any month ending within the 60-day period ending on the hiring date;

127 “(I) An individual who has been unemployed for not less than 27
128 consecutive weeks; or,

129 “(K) An individual who is over the age of 65.

130 “(3) “Qualified first-year wages” means the wages paid or incurred by the
131 employer during the taxable year to eligible employees that are attributable to service rendered
132 during the one year period beginning with the day the individual begins work for the employer;

provided, that the amount of qualified first-year wages which may be taken into account with respect to any individual shall not exceed \$6,000 per year.

“(4) “Qualified veteran” means an individual who was not on active duty in the Armed Forces of the United States for any day during the 60-day period ending on the hiring date of the employee, and who has:

“(A) Served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days; or

“(B) Been discharged for released from active duty in the Armed Forces of the United States for a service-connected disability within the year prior to the date the individual was hired by a taxpayer seeking a local work opportunity tax credit;

“§ 47-1807.72. Local work opportunity tax credit.

“For tax years beginning on or after January 1, 2019, upon application by a taxpayer, in the order of priority received and not to exceed the annual amount allocated for that purpose in the budget and financial plan, the Mayor, in accordance with this subchapter, shall approve, and there may be allowed, to any taxpayer a local work opportunity tax credit with respect to the franchise taxes imposed by subchapters VII and VIII of this chapter, in an amount determined by the Mayor pursuant to § 47-1807.74.

“§ 47-1807.73. Local work opportunity tax credit eligibility.

“(a) The Mayor shall approve any local work opportunity tax credits allowed by § 47-1807.72, if a taxpayer pays qualified first-year wages to at least one eligible employee during the taxable year; provided that:

(1) The taxpayer accords eligible employees the same or better benefits or rights that it accords other employees in similar jobs; and

(2) The taxpayer meets, with respect to the employment of the eligible employee, all federal and District of Columbia laws and regulations, including those concerning health, safety, child labor, wage and hour, and equal employment opportunity.

“§ 47-1807.74. Local work opportunity tax credit application, approval, and calculation.

“(a) A taxpayer shall apply for, and the Mayor shall approve, the local work opportunity tax credit as follows:

“(1) A taxpayer shall submit a complete written application for a local work opportunity tax credit, which shall include:

“(A) Identifying information for each eligible employee that was hired in the taxable year by the taxpayer for whom the taxpayer seeks a local work opportunity tax credit;

“(B) The hours of service performed by each eligible employee in the taxable year;

“(C) The amount of qualified first-year wages paid in the taxable year to each eligible employee; and,

“(D) Any additional information or documentation that the Mayor shall require either to determine eligibility for the local work opportunity tax credit or to evaluate the effectiveness of the tax credit.

“(2) The Mayor shall review each application submitted for a local work opportunity tax credit. Based on the application submitted, the mayor shall approve the local work opportunity tax credit as provided in § 47-1807.72. This approval shall include the maximum amount of the credit available to the taxpayer calculated pursuant to this section.

“(b) The local work opportunity tax credit shall be calculated by the Mayor as follows:

178 “(1) For each eligible employee who has performed 400 or more hours of service
179 in the taxable year, the Mayor shall allow a credit to the taxpayer equal to 40% of the qualified
180 first-year wages paid to the eligible employee;

181 “(2) For each eligible employee who performed fewer than 400 hours of service,
182 but 120 hours of service or more in the taxable year, the Mayor shall allow a credit to the
183 taxpayer equal to 25% of the qualified first-year wages paid to the eligible employee; and,

184 “(3) The Mayor shall deny a credit to the taxpayer for any eligible employee who
185 performed fewer than 120 hours of service in the taxable year.

186 “(c) If the amount of the credit allowed under subsection (b) of this section exceeds the
187 amount of franchise taxes otherwise due on the taxpayer’s income in the tax year for which the
188 local work opportunity tax credit is being claimed, the unused amount of the local work
189 opportunity tax credit may be carried forward and used as a credit against subsequent years’
190 franchise tax liability for a period not to exceed 10 years and shall be applied first to the earliest
191 tax years possible. Any credit remaining after this period shall not be credited to the taxpayer.

192 “(d) A taxpayer who uses a local work opportunity tax credit that is subsequently
193 disallowed shall be liable for the resulting tax deficiency, interest, and penalties as otherwise
194 provided by law.

195 “§ 47-1807.75. Local work opportunity tax credit administration.

196 “(a) The Mayor shall certify, to the Office of Tax and Revenue, the following information
197 for each applicant that the Mayor has approved for a local work opportunity tax credit pursuant
198 to this subchapter:

199 “(1) The taxpayer’s identification number;

200 “(2) The effective date of the taxpayer’s eligibility for the tax credit;

201 “(3) The maximum amount of the tax credit availability to the taxpayer;
202 “(4) A statement that funds are sufficient within an approved budget and financial
203 plan to allow the Office of Tax and Revenue to issue a nonrefundable local work opportunity tax
204 credit to this taxpayer; and,

205 “(5) Such other information as the Office of Tax and Revenue shall require to
206 administer the local work opportunity tax credit pursuant to this subchapter.

207 “(b) The Chief Financial Officer may audit the accounts of a taxpayer receiving a local
208 work opportunity tax credit up to 3 years following the issuance of any credit.

209 “(c) The Mayor shall transmit an annual report to the Council, including information
210 regarding all approvals granted and local work opportunity credits issued, including the names of
211 the recipients of the credits issued, the credit amounts claimed, the total number of eligible
212 employees hired by each recipient, and the hours of service performed by each eligible
213 employee.

214 “§ 47-1807.76. Rules.

215 “The Mayor, pursuant to Chapter 5 of Title 2, shall issue rules necessary to implement
216 the provisions of this subchapter.”.

217 (d) A new section 47-1808.14 is added to read as follows:

218 “§ 47-1808.14. Local work opportunity tax credit.

219 “A local work opportunity tax credit shall be allowed as provided in subchapter VII-C of
220 this chapter.”.

221 Sec. 3. Applicability.

222 This act shall apply upon the inclusion of its fiscal effect in an approved budget and
223 financial plan.

224

225 Sec. 4. Fiscal impact statement.

226 The Council adopts the fiscal impact statement in the committee report as the fiscal
227 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
228 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

229 Sec. 5. Effective date.

230 This act shall take effect following approval by the Mayor (or in the event of veto by the
231 Mayor, action by the Council to override the veto), a 30-day period of congressional review as
232 provided in section 602(c)(2) of the District of Columbia Home Rule Act, approved December
233 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(2)), and publication in the District of
234 Columbia Register.