

Federal Employment Incentive

Work Opportunity Tax Credit (WOTC)

The Work Opportunity Tax Credit (WOTC) program provides a federal income tax credit to employers who hire individuals from targeted groups that have traditionally faced barriers to employment.

Who is eligible?

- Any private, for-profit employer
- Tax-exempt organizations, if hiring a veteran

What types of employees are included in “target groups?”

- Supplemental Security Income (SSI) recipients or Social Security Disability Insurance (SSDI) Ticket-to-Work holders
- Long-term family cash assistance recipients
- Other family cash assistance recipients
- Veterans that are receiving SNAP (Supplemental Nutrition Assistance Program), are disabled or unemployed (check website for all the options www.doleta.gov/wotc)
- SNAP recipients (18-39 years of age)
- Rural Renewal County residents (18-39 years of age)
- Vocational rehabilitation referrals
- Ex-felons
- Long-term unemployment recipient

What are the benefits for employers?

The WOTC program can save employers up to \$2,400 per hire, while the long-term family cash assistance recipients target groups can save the employer up to \$9,000 over a two-year period. Hiring veterans could save employers from \$2,400 to 9,600 per new hire.

There are no restrictions on the number of employees hired under the program. The program applies to first-time hires only. No tax credit can be claimed for wages paid to relatives or for federal subsidized on-the-job training (e.g. Vocational Rehabilitation (VR) or Workforce Investment Act (WIA) employment and training programs); however, wages paid after the subsidy expires can qualify for the credit.

For more information, visit KansasCommerce.com or call the Kansas Department of Commerce Workforce Services Division at (785) 296-7435.

To request additional copies of this brochure, contact:

Kansas Commission on Disability Concerns

Phone: (785) 296-1722

Toll Free: (800) 295-5232

TTY: 711

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BUSINESS TAX INCENTIVES

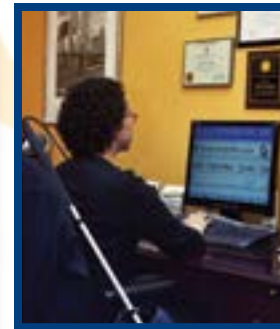
Kansas Bidders Preference Program

The State of Kansas believes people with disabilities should be employed and these incentives have been established to promote hiring people with disabilities. Businesses interested in closed contracting (non-negotiated contracts) with the State of Kansas are eligible for preferences when they hire significant numbers of people with disabilities who are receiving services from the Medicaid Home and Community Based Services (HCBS) waivers or Medicaid services for mental illness, or the waiting lists for these services, or purchase products and/or services from Use Vendors.

The **first incentive** is for those certified businesses that have and promise to maintain 20 percent of their employees are people with disabilities through the life of the contract. The contract bid may be for no more than 10 percent over the lowest bid.

A certified business

- Does business primarily in Kansas or substantially all of its production in Kansas;
- Employs at least 20% of its employees who are individuals with disabilities and reside in Kansas;
- Offers to contribute at least 75% of the premium cost for individual health insurance coverage for each employee. The level of such coverage shall be at least equal to the level of benefits



offered by the state employee benefit program established by K.S.A. 75-65 01 et seq., and amendments thereto. The Department of Administration shall require a certification of these facts as a condition to the certified business being awarded a contract pursuant to subsection (b); and

- Does not employ individuals under a sub-minimum wage certificate issued by the United States secretary of labor under subsection (c) of 29 U.S.C. § 214;

The **second incentive** is for those businesses that purchase products or services from Use Vendors. The dollar amount of purchases made during the previous fiscal year is deducted from the original bid up to 10 percent.

The **third incentive** is for those businesses that purchase products or services from certified businesses. The dollar amount of purchases made during the previous fiscal year is deducted from the original bid up to 10 percent.

For more information, go to <http://www.da.ks.gov/purch/preferences.htm> or call Jesse Hodgson, Division of Purchasing, 785-296-2401.

The Kansas Dwelling and Facility Accessibility Tax Credits

The Kansas Dwelling and Facility Accessibility Tax Credits have been reinstated in 2014. The credit is retroactive to tax year 2013. When an

individual makes all or a portion of his/her home accessible or adds an accessible unit to the principle dwelling, a tax credit can be claimed on that person's tax return for all or a portion (up to \$9,000) of that expense depending on that person's adjusted gross income. (K.S.A. 79-32,117, Section 5) For more information about this tax credit please contact the Kansas Dwelling & Facility Accessibility Tax Credit at 785-368-8222.

Also, anyone making a portion or all of a facility (business) accessible to individuals with a disability may claim an income tax credit of 50% of the cost of the expense up to \$10,000. (K.S.A. 79-32,117, Section 7) Please contact the Kansas Department of Revenue Business Tax Division at 785-368-8222.

Federal Incentives

The federal government offers tax incentives to businesses that increase their accessibility to individuals with disabilities. Incentives include tax credits, which are treated as payments already made toward taxes owed, and tax deductions, which reduce taxable income. Because of the complex nature of tax laws, interested businesses should consult their tax attorney, accountant, the Internal Revenue Service.

Federal Access and Accommodation Incentives

Two federal tax incentives are available to businesses to help cover the cost of

making access improvements. The first is the **Disabled Access Tax Credit**, which can be used for architectural adaptations, equipment acquisitions and services such as sign language interpreters. The second federal incentive is the **Barrier Removal Tax Deduction**, which can be used for architectural and transportation adaptations. These two incentives can be used in combination if the expenditures qualify under Sections 44 and 190. In such a case, the deduction is equal to the difference between the total expenditures and the amount of the credit claimed. Both the tax credit and the deduction can be used annually. However, you may not carry over expenses from one year to the next.



Disabled Access Tax Credit (Title 26, Internal Revenue Code, Section 44)

This tax credit is available to help small businesses cover Americans with Disability Act related eligible access expenditures. A business that had either revenues of \$1 million or less or 30 or fewer full-time workers for the previous tax year may take advantage of this credit. The amount of the tax credit is equal to 50 percent of the eligible access expenditures in a year that exceed \$250 but are not more than \$10,000. Thus, the maximum allowable credit is \$5,000. The credit can be used

to cover a variety of expenditures, including:

- Barrier removal
- Providing interpreters
- Making materials accessible to people with visual impairments
- Providing or modifying equipment

The expenses must be associated with required adaptation to existing facilities, not for costs of new construction.

For more information, visit www.irs.gov and search for Form 826 or call the IRS Business Information Service Line at (800) 829-4933.

Barrier Removal Tax Deduction (Title 26, Internal Revenue Code, Section 190)

This tax deduction allows a business of any size to deduct up to \$15,000 per year in items that normally must be capitalized (depreciated). This deduction may be used for expenses associated with the removal of architectural or transportation barriers in association with a trade or business that complies with applicable accessibility standards. Additional information relating to qualified architectural and transportation barrier removal can be found in Internal Revenue Code Regulation 1.190-2.

For more information, visit www.irs.gov or call the IRS Business Information Service Line at (800) 829-4933.