

Justification (1205-0371)

Background. The legislative authority for the WOTC program and the Welfare-to-Work Tax Credit (WtWTC) expired December 31, 2005. Congress has revived and extended the program through December 31, 2007. Congress has also modified certain provisions with respect to individuals who begin work for an employer after December 31, 2006.

New Information. The Tax Relief and Health Care Act of 2006 (P.L. 109-432) was signed into law on December 20, 2006. Section 105 of the Act provides a two-year extension of the WOTC Program through December 31, 2007, effective retroactively to January 1, 2006. In addition, this legislation introduced the following statutory changes. They apply with respect to individuals who begin work for the employer on or after January 1, 2007:

- The earnings test for ex-felons is eliminated;
- The maximum age for food stamp recipients is increased;
- The certification request filing deadline is increased; and
- The WtWTC provisions are merged into the WOTC.

The consolidation of the WtWTC into the WOTC Program and the rest of the above changes requires that OWI update the current reporting (one) and processing forms (seven) so participating employers and their representatives can use ETA Form 9061 or ETA Form 9062 together with the newly updated 2007 IRS Form 8850 to request certification from the state workforce agencies (SWAs) for their new hires. The same applies to the SWAs who are required to report on a quarterly basis to ETA, program activity using the former EIMS now EBSS system. OWI is requesting OMB approval of the above revised forms. The Department of Treasury similarly obtained approval for IRS Form 8850, OMB 1545-1500, at www.irs.gov/pub/irs-pdf/f8850.pdf.