

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE July 13, 2011

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 1-11

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS
ALL REGIONAL COORDINATORS

FROM: JANE OATES
Assistant Secretary

SUBJECT: Extension of the Work Opportunity Tax Credit (WOTC) Program and Department of Housing and Urban Development (HUD) Empowerment Zones

1. **Purpose.** To provide information and procedural guidance to the state workforce agencies (SWAs) on legislative program extensions through December 31, 2011.
2. **References.** The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (P.L. 111-312); the American Recovery and Reinvestment Act of 2009 (Public Law 111-5, Recovery Act); Internal Revenue Code of 1986, Section 51, as amended; Internal Revenue Service Notices 2009-69, dated August 31, 2009 and 2009-28, 2009-24 I.R.B 1082, dated June 15, 2009; TEGL 03-09, Information and Guidance on the Two New Work Opportunity Tax Credit (WOTC) Targeted Groups Introduced by the American Recovery and Reinvestment Act of 2009, dated September 1, 2009; TEGL No. 11-08, Extension of the Information Collection for the Consolidated Work Opportunity Tax Credit Program: Revised Reporting and Processing Forms, dated February 19, 2009; TEGL No. 11-08, Change 1, Extension Period Granted to the State Workforce Agencies and Employers for the Uninterrupted Use of All 2007 and 2008 Work Opportunity Tax Credit (WOTC) Program Processing Forms; ETA Handbook No. 408, November 2002, Third Edition (the Handbook); and the updated August 2009 Addendum to the Handbook (Addendum, OMB No. 1205-0371).
3. **Background.** The WOTC program's current legislative authority was due to expire on August 31, 2010. In addition, the legislative authority for HUD's urban Enterprise Communities and Renewal Communities along with the U.S. Department of Agriculture (USDA) rural Empowerment Zones expired on December 31, 2009.
4. **Information on Extensions.** President Obama signed the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (the Act) P.L. 111-312 on December 17, 2010. Sections 753 (Empowerment Zones) and 757 (WOTC) of this Act made the following changes:
 - a) Extend the WOTC program for four additional months through December 31, 2011, and

RESCISSIONS None	EXPIRATION DATE Continuing
----------------------------	--------------------------------------

b) Extend each HUD-designated urban Empowerment Zone (EZ) and each USDA-designated rural EZ through December 31, 2011.

c) The Renewal Communities' tax incentive was not extended past December 2009.

Note. HUD has updated its Empowerment Zone (EZ) and Renewal Community (RC) Address Locator Web site to help SWAs and employers more easily determine eligibility of addresses and it includes an alert about the new law provisions. The EZ/RC Address Locator Web site can be found at: www.hud.gov/crlocator/.

5. **Program Administration.** SWAs' certification and overall program operation responsibilities remain the same as those described in the November 2002, Third Edition of ETA Handbook 408 and its 2009 Addendum. In line with similar WOTC program legislative authority expiration in the past, no one could qualify under the Summer Youth or Designated Community Resident target groups after 12/31/09. With the extensions of these target groups, states can now process timely filed claims for hires of these targeted groups between January 1, 2010, and December 31, 2011. Based on the recent new provisions, SWAs are instructed to conduct the following program activities:
 - a) States must accept and fully process timely filed WOTC certification requests and related backlogs for the Summer Youth and Designated Community Resident target groups received prior to- or up-to December 31, 2009; and
 - b) States are to process all timely filed certification requests for the above mentioned two groups received and logged after December 31, 2009 for new employees that began to work for an employer on or after January 1, 2010 under the above two groups. States are to issue all final determinations (certifications or denials) to employers and /or their representatives, effective upon receipt of this TEGL.

6. **Reporting Information.** Pursuant to the Paperwork Reduction Act of 1995, the Office of Management and Budget (OMB) extended the current information collection for the WOTC program administrative and reporting forms through November 2011. SWAs are to continue using all administrative, processing and reporting forms (ETA Form 9058 – Report 1 and ETA Forms 9061-9063 and 9065) until further guidance from ETA. These forms are approved under OMB No. 1205-0371. SWAs are expected to end all processing of certification requests including any related backlogs and reporting activities effective February 15, 2012. This date is based on the 45-day period after the closing of each quarter that SWAs have to report program data to EBSS/TCRS.

7. **Action Requested.** State workforce agency (SWA) Administrators are requested to:
 - a. Provide this information to all appropriate WOTC program staff, employers and their representatives, participating agencies (PAs) and other interested partners;
 - b. Ensure SWAs and PAs administer these provisions in accordance with the guidance in this TEGL, the Handbook, the August 2009 Addendum to the Handbook, and Section 51 of the Internal Revenue Code of 1986, as amended; and

- c. Ensure WOTC state coordinators receive a copy of the new legislation, Title VII, Subtitle C., Sections 753 and 757 of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (P.L. 111-312). The text version of P.L. 111-312 is available at: <http://www.gpo.gov/fdsys/pkg/PLAW-111publ312/html/PLAW-111publ312.htm>.
8. **Inquiries.** Questions regarding these instructions should be directed to the appropriate WOTC Regional Coordinator.