



LEGISLATIVE UPDATE

Baucus and Snow Introduce Encouraging Work Act of 2007

January 12, 2007

Following Wednesday's Senate Finance Committee hearing on the impact of a proposed minimum wage increase, Committee Chairman Max Baucus (D-Montana) and Senator Olympia Snowe (R-Maine) introduced S. 248, the Encouraging Work Act of 2007 which includes WOTC enhancements.

According to NEON, Chairman Baucus' intent is to attach S.248 to a package of other tax incentives. The Committee will then consider attaching the tax incentives to the minimum wage increase.

Proposed WOTC enhancements include:

- > Permanently extending WOTC.
- > Raising the age limit for the high-risk youth category from 24 to 39.
- > Expanding the vocational rehabilitation referral category to include individuals participating in a ticket to work plan.
- > Expanding the qualified veterans category to include any veteran who is entitled to compensation for a service-connected disability incurred after September 10, 2001 (basically all disabled veterans after that date regardless of whether they are on food stamps). In the case of this category, the wage limitation for WOTC is increased from the first \$6,000 in wages to the first \$12,000.

The provisions of S. 248 would be effective for individuals hired after the date of enactment.

According to NEON, the legislative situation for an additional WOTC extension is not yet known. The position of House Democratic Leaders has been that the minimum wage increase, which passed the House January 10 by a vote of 315-116, should be adopted in final form without an accompanying tax bill. Chairman Baucus believes that Senate Republicans will not go along with a minimum wage increase that does not contain tax incentives. The Senate Finance Committee is expected to take up the full tax incentives package next week, and the minimum wage bill plus tax incentives could be with the Senate shortly thereafter.

House Ways and Means Chairman Rangel (D-New York) has indicated that he will object to any minimum wage bill that includes tax offsets because the tax portions did not originate in the House. The Constitution requires that all tax bills originate in the House.

While the ultimate outcome of this debate is not clear, it is notable that this Congress is taking a very positive approach to WOTC.

For additional information about WOTC legislative action, please contact Carol Kleis (ckleis@fadv.com) or your [First Advantage](#) hiring credit manager.