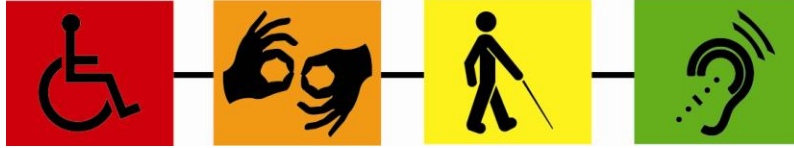


## **Mayor's Commission on Disabilities**



## **Employer Incentives for Hiring People with Disabilities**

September, 2008 – July, 2009  
Wednesday, July 22, 2009



Lanie Vogelhut, LCSW-C  
Chair

Nollie P. Wood, Jr., Ph.D., M.P.H.  
Executive Director

ORIGINAL



Photo by: Mr. Mark Dennis

# Employer Incentives for Hiring People with Disabilities

## Employment Committee - Co-Chairs: Joe Chin and Mark Huslage

### A. Description:

Maintaining a highly diversified work force in the City of Baltimore is a primary element of Mayor Dixon's vision for our community. A significant portion of Baltimore's population consists of persons with disabilities who are of working age. The following information focuses on providing local employers a strong rationale for the hiring of individuals with a disability.

Today, more than ever, businesses need people with a demonstrated ability to adapt to changing situations and circumstance (a definitive characteristic of people with disabilities). In the workplace, their resourcefulness translates into innovative thinking, fresh ideas and varied approaches to the challenges of business. Whether it's for stimulating such innovation, creating diversity, increasing your return on employee investment, and marketing or out of social responsibility, hiring a person with a disability enhances your business in many ways.

Benefits to hire a person with a disability have been developed by the Federal, State and City governments to encourage businesses and employers to expand their "comfort zone" in reaching out to these individuals. For businesses located in Baltimore City seeking to hire people with disabilities, this publication is designed to serve as an informative guide about available tax incentives and tax credits.

If you are an employer located in the State of Maryland and serving the Baltimore City Region, you may be eligible to take advantage of Federal, State and City incentives/tax credits/benefits that are available for people with disabilities you employ and to you as an Employer. These incentives/credits or benefits are available to help your business make accessible accommodations for either your employees, customers with a disability and/or facilities.

### 1. What are available incentives/tax credits?

The incentives/credits/benefits vary from: annual tax credits for making your company facilities more accessible (Disabled Access Credit) to creating an environment that is more barrier-free (Removal of Architectural & Transportation Barriers) and/or to annual deductions/tax credits for hiring and employing people with disabilities (Work Opportunity Tax Credit), etc. The State of Maryland has sponsored the above Federal Tax Incentives/Tax credits by supporting legislation that delays the expiration dates of many of these incentives/credits, known as the Sunset Extension Provisions. These provisions are provided by the State of Maryland and the specifics are listed under the "Maryland Employer Incentives for Hiring of People with Disabilities". These are some offerings by the Federal government and sponsored by the State of Maryland. Depending upon your business/company situation, you may be eligible for these opportunities.

### 2. What is available for my business/company that is located in Baltimore City?

Baltimore City does not offer disability specific incentives/tax credits or benefits. Baltimore City supplements the Federal and State incentives/tax credits with sponsored Baltimore City Programs. These Baltimore City Programs offer a wide range of other business incentives, tax credits and benefits to any business/company or employer located or desiring to locate in Baltimore City who hire people with or without disabilities. Eligibility requirements for these tax incentives/credits/benefits are very specific and vary significantly. To get more information on these tax incentives/credits/benefits and eligibility requirements please contact: the Mayor's Office of Employment Development (MOED) and any link listed below for more details.

To learn more, scroll down or click on the links below:

#### **Federal Employer Incentives for Hiring People With Disabilities**

Commission on Disabilities – FY'2009 – Employment Committee – Disability Incentives

**Maryland State Employer Incentives for Hiring People With Disabilities**  
**Baltimore City Employer Incentives for Hiring People With Disabilities**  
**Links to Websites that Offer Specifics About the Incentives Listed on this Site**

**B. Federal - Employer Incentives for Hiring People with Disabilities**

**1. Work Opportunity Tax Credit (WOTC) Description:**

Businesses can earn up to a \$2,400 tax credit for each new qualified hire. This tax credit, authorized by the Small Business Job Protection Act of 1996 (P.L. 104-188), is a Federal tax credit that encourages employers to hire nine targeted groups of job seekers by reducing employers' Federal income tax liability by as much as \$2,400 per qualified new worker.

**To Qualify:**

To be eligible for this tax credit, an employee must belong to at least one of the following target groups: a member of a family receiving "Temporary Assistance to Needy Families (TANF); Aid to Families with Dependent Children (AFDC); person and/or veteran receiving Food Stamps; resident of a Federally designated Empowerment Zones (EZs), Enterprise Communities (ECs) or Renewal Communities (RCs); a Summer Youth Employee residing in a designated zone; Disabled person completing rehabilitative services; low income ex-felon; recipient of Supplemental Security Income (SSI) or a New York Liberty Zone Business Employee.

*For more information, please click on the link to number:*

- # 1: <http://www.adainfo.org/publications/quicktips/tax.pdf>
- # 4: <http://www.thesierragroup.com>      <http://www.employmentincentives.com/>
- # 12: <http://doleta.gov>
- # 13: <http://www.dol.gov/odep>

**2. Disabled Access Tax Credit Description:**

Costs associated with a small business (<30 employees) complying with the ADA can be taken as a tax credit. The formula is 50 percent of the amount over the first \$250 spent up to \$5125 per year. (Title 26, IRS Code, Section 44). This tax credit is available to "eligible small businesses" in the amount of 50 percent of "eligible access expenditures" that exceed \$250, but do not exceed \$10,250 for a taxable year. A business may take the credit each year that it makes eligible access expenditure.

*For more information, please click on the link to number:*

- # 1: <http://www.adainfo.org/publications/quicktips/tax.pdf>
- # 4: <http://www.thesierragroup.com>      <http://www.employmentincentives.com/>
- # 12: <http://doleta.gov> # 13: <http://www.dol.gov/odep>

**3. Tax Deduction to Remove Architectural and Transportation Barriers to People with Disabilities and Elderly Individuals Description:**

Businesses may deduct up to \$15,000 of the costs incurred each year for "qualified architectural and transportation barrier removal expenses." Up to a \$15,000 per year deduction may be applied for making their premises more accessible to people with disabilities and the elderly. (Title 26, IRS Code, section 190). Expenditures to make a facility or public transportation vehicle owned or leased in connection with a trade or business more accessible to, and usable by, individuals who are handicapped or elderly are eligible for the deduction.

*For more information, please click on the link to number:*

- # 1: <http://www.adainfo.org/publications/quicktips/tax.pdf>
- # 4: <http://www.thesierragroup.com>      <http://www.employmentincentives.com/>

- # 12: <http://doleta.gov>
- # 13: <http://www.dol.gov/odep>

#### **4. Ticket to Work Program Description:**

Businesses should become an Employer Network (EN) to participate in the Social Security Administrations Ticket to Work Program. Businesses can earn up to \$ 17,000 for hiring and accommodating a person with a disability who holds a Ticket to Work. The Ticket to Work Program provides Social Security Administration (SSA) beneficiaries with choices for receiving employment services while increasing incentives to serve these individuals. Under the program, SSA provides disability beneficiaries with a Ticket they may use to obtain vocational rehabilitation (VR) services and/or support from an EN of their choice. Any business can easily become an EN to take advantage of these benefits. The Social Security Administration awards unlimited non-competitive EN contracts to qualified organizations through an ongoing, open-ended Request for Proposal (RFP) process. This is a very simple process. Contact your local Social Security Administration office for additional information.

*For more information, please click on the link to number:*

- # 1: <http://www.adainfo.org/publications/quicktips/tax.pdf>
- # 4: <http://www.thesierragroup.com>      <http://www.employmentincentives.com/>
- # 11: <http://www.socialsecurity.gov/work>      [http://www.yourtickettowork.com/program\\_info?](http://www.yourtickettowork.com/program_info?)
- # 12: <http://doleta.gov>
- # 13: <http://www.dol.gov/odep>

#### **5. Impairment and Related Work Expenses Description:**

An individual, who has a physical or mental disability that limits their ability to function as an employee, may be able to deduct some of their work expenses related to their impairment. Some examples would be the cost of an on-the-job attendant, computer software or hardware, or sign-language interpreters. Refer to IRS publication 529.

*For more information, please click on the link to number:*

- # 1: <http://www.adainfo.org/publications/quicktips/tax.pdf>
- # 4: <http://www.thesierragroup.com>      <http://www.employmentincentives.com/>
- # 12: <http://doleta.gov>
- # 13: <http://www.dol.gov/odep>

#### **6. Medical Expenditures: Tax Deductions for Home Modifications Description:**

In addition to some home modifications individual taxpayers may be able to deduct the cost of certain educational services and equipment as medical expenses as long as these expenses are made to alleviate their physical or mental condition. Financial incentives are available for modifying an existing home. Cost for certain home improvements made to accommodate a taxpayer, a spouse, or a dependent with a disability such that that person can continue to live at home may be deductible as a medical expense. Improvements including grading a home site to improve access, the construction of ramps, modifying entrances, modifying interior and exterior doorways, installing railing and support bars as well as bathroom modifications may qualify as deductions under this credit. The IRS permits deductions of qualifying medical expenses that amount to more than 7.5 percent of adjusted gross income. For additional details on these expenses, refer to IRS publication 502.

*For more information, please click on the link to number:*

- # 1: <http://www.adainfo.org/publications/quicktips/tax.pdf>
- # 4: <http://www.thesierragroup.com>      <http://www.employmentincentives.com/>
- # 12: <http://doleta.gov>

# 13: <http://www.dol.gov/odep>

## C. Maryland State Employer Incentives for Hiring People with Disabilities

### 1. Maryland Disability Employment Tax Credit Description:

Businesses that hire people with disabilities may be entitled to a tax credit for wages paid to the employees and for childcare or transportation expenses paid on behalf of the employees. The credit may be claimed for individuals hired before July 1<sup>st</sup>, 2009. The credit may be taken against corporate income tax, personal income tax, state and local taxes withheld (for certain tax-exempt organizations only), insurance premiums tax, or public service company franchise tax. Sole proprietorships, corporations, tax-exempt nonprofit organization and “pass-through” entities may claim the tax credit.

#### To Qualify:

The company must hire an individual with a disability and obtain a determination from the Division of Rehabilitation Services (DORS) or the Maryland Department of Labor, Licensing and Regulation (DLLR) that the person is a qualified employee with a disability.

*For more information, please click on the link to number:*

# 3: <http://www.marylandtaxes.com>

# 6: <http://www.mdod.maryland.gov>

[http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives\\_Credits.pdf](http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives_Credits.pdf)

# 7: <http://dors.state.md.us/DORS/ForEmployers/MDETC.htm>

# 8: <http://www.dllr.state.md.us/contactinfo/>

### 2. WorkABILITY Loan Program and Telework Description:

Home-based and business loans for people with disabilities. This is a program of the Maryland Technology Assistance Program/Maryland Department of Disabilities that helps Maryland residents with disabilities qualify for low-interest loans to buy equipment for “Telework”.

#### What is Telework?

Telework, also known as telecommuting, is the ability to work at a location other than an “official duty station”. Telework is considered paid employment made possible by portable computers, high-speed telecommunication links and pocket communication devices.

#### Who can apply?

Anyone who intends to use the loan to buy equipment for a Maryland resident with a disability may be eligible if it is to enable him or her to establish home-based work. By increasing opportunities for telework, current barriers to employment such as inadequate transportation, fatigue, inaccessible environments and the need for personal assistance are reduced or eliminated.

#### What types of equipment can be purchased?

From \$500 to \$50,000 can be borrowed for the purchase of computers, printers, software, fax machines, scanners, calculators and other related modifications and assistive technologies.

What are the benefits for the employers?

- Improved employee retention and recruitment.

- Reduced absenteeism.

- Increase productivity. By reducing office distractions and the stress of difficult commutes, teleworking employees can focus directly on the work at hand.

Lower overhead costs. Employers save on office space and parking needs.  
Enhanced public image.

*For more information, please click on the link to number:*

# 3: <http://www.marylandtaxes.com>

# 6: <http://www.mdod.maryland.gov>

<http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20IncentivesCredits.pdT>

# 7: <http://dors.state.md.us/DORS/ForEmployers/MDETC.htm>

### **3. HB280 “Tax Credits for Qualifying Employees with Disabilities – Sunset Extension” (Chapter 658, Acts of 2008)**

#### **Description:**

This Act extends by one year the termination provision and dates of applicability of the tax credit that an employer may claim, pursuant to § 10-704.7 of the Tax-General Article, for wages, child care and transportation expenses for qualified employees with disabilities. The new termination date for this Qualifying Employees with Disability Tax Credit is June 30, 2009. This Act takes effect on July 1, 2008. (Reference: Summary of 2008 Tax Legislation from: [www.macpa.org/08taxsummary](http://www.macpa.org/08taxsummary)).

*For more information, please click on the link to number:*

# 2: <http://baltimoredevelopment.com>

# 3: <http://www.marylandtaxes.com>

# 6: <http://www.mdod.maryland.gov>

[http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives\\_Credits.pdT](http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives_Credits.pdT)

# 7: <http://dors.state.md.us/DORS/ForEmployers/MDETC.htm>

# 8: <http://www.dllr.state.md.us/contactinfo/>,

# 9: <http://www.oedworks.com;> <http://baltimorecity.gov>

### **4. SB 314 “Tax Credits for Individuals Facing Employment Barriers - Sunset Extension” (Chapter 391, Acts of 2008)**

#### **Description:**

Extending, by three years, termination provisions and dates of applicability for specified tax credits allowed to employers that hire specified qualified employment opportunity employees (individuals who had previously been recipients of temporary cash assistance through Aid to Families with Dependent Children) or specified qualifying individuals with disabilities. (Reference: <http://mlis.state.md.us/2008rs/billfile/SB0314.htm>)

*For more information, please click on the link to number:*

# 2: <http://baltimoredevelopment.com>

# 3: <http://www.marylandtaxes.com>

# 6: <http://www.mdod.maryland.gov>

[http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives\\_Credits.pdT](http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives_Credits.pdT)

# 7: <http://dors.state.md.us/DORS/ForEmployers/MDETC.htm>

# 8: <http://www.dllr.state.md.us/contactinfo/>,

# 9: <http://www.oedworks.com;> or <http://baltimorecity.gov>

### **5. HB 721 “Job Creation Tax Credit – Termination Provisions” (Chapters 517, Acts of 2008)**

Commission on Disabilities – FY’2009 – Employment Committee – Disability Incentives



**Description:**

This Act extends the termination date and the dates of applicability of the tax credits for the Job Creation Tax Credit. The termination date is extended from January 1, 2010 to January 1, 2014. The dates of applicability are extended to all taxable years beginning before January 1, 2014 and may only be claimed for qualified positions at a newly established or expanded business facility that commences operations before January 1, 2013. For any taxable year after January 1, 2014, the tax credits earned in credit years beginning before January 1, 2014 are allowed ratably over a two-year period, may be carried forward, and are subject to recapture. This Act will be codified as § 6-309 of the Economic Development Article of the Annotated Code of Maryland, as established by the 2008 General Assembly in HB 1050. This Act takes effect on the date that HB 1050 (Chapter 306, Acts of 2008) - Economic Development takes effect, which is October 1, 2008. (Reference: Summary of 2008 Tax Legislation from: [www.macpa.org/08taxsummary](http://www.macpa.org/08taxsummary).)

*For more information, please click on the link to number:*

# 2: <http://baltimoredevelopment.com>

# 3: <http://www.marylandtaxes.com>

# 6: <http://www.mdod.maryland.gov>

[http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives\\_Credits.pdf](http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives_Credits.pdf)

# 7: <http://dors.state.md.us/DORS/ForEmployers/MDETC.htm>

# 8: <http://www.dllr.state.md.us/contactinfo/>

# 9: <http://www.oedworks.com>      <http://baltimorecity.gov>

**6. Employed Individuals with Disabilities Program (EID)****Description:**

If you have a significant disability, but are worried that you will lose health care coverage by going to work, Maryland's Employed Individuals with Disabilities (EID) Program can help. The EID allows people who meet Social Security disability rules and who are also working to purchase Medical Assistance (Medicaid) at a reduced rate. If you have Medicare, Medicaid can save you up to thousands of dollars a year. If you have other insurance, Medicaid can cover some extra services that the other insurance does not. Cost: The monthly premium is based upon a sliding scale of income and assets. Costs range from \$ 0 to \$ 55 per month. Those who cannot afford the fee may request a waiver of this charge. The EID encourages people with disabilities to work or increase their earnings. There are no minimum earnings requirements, so working at any level, however minimal, can enable someone to qualify.

**Qualifying for EID:**

People qualify for EID if they: receive Social Security Disability Insurance (SSDI), or formerly received either SSDI or Supplemental Security Income (SSI) but lost the benefits for reasons other than "medical improvement" or are not receiving Social Security benefits, but meet Social Security's medical definition of disability, are U.S. citizens or "qualified aliens" aged 18-64, are working for pay, and meet income and resource limits.

*For more information, please click on the link to number:*

# 6: <http://www.mdod.maryland.gov>

<http://www.dors.state.md.us/DORS/ProgramsServices/Incentives/EID>

**D. Baltimore City Employer Incentives for Hiring People with Disabilities**

Businesses/companies or employers in Baltimore City, who are looking to hire workers/employees with or without disabilities may be eligible to take advantage of many incentives/tax credits or benefits offered by these Baltimore City sponsored programs. Baltimore City Programs such as: The Baltimore City Chamber of Commerce, Baltimore Development Corporation, the Downtown Partnership of Baltimore, the Baltimore Empowerment Zone, the Mayor's Office of Minority Business Development, the Small Business Resource Center Commission on Disabilities – FY'2009 – Employment Committee – Disability Incentives

and others have been created to assist your business/company's growth and development. Contact any of these programs for specific eligibility requirements. To get more information on these programs and eligibility requirements, please contact: the Mayor's Office of Employment Development (MOED).

*For more information, please click on the link to number:*

# 9: <http://www.oedworks.com>; <http://baltimorecity.gov>;  
<http://www.baltimorecity.gov/business/>

**III. References** - For more detailed information and specifics on the tax incentives, tax credits and/or benefits of interest from the Federal, Maryland State or Baltimore City government, go to the following links:

1. **Americans with Disabilities Act (ADA) and IT Information Center** produces quick tip cards – “Tax Incentives”, (800) 949-4232 or (301) 217-0124,  
<http://www.adainfo.org/publications/quicktips/tax.pdf>
2. **Baltimore Development Corporation (BDC) at:** 36 S. Charles Street, Suite 1600, Baltimore, Maryland 21201-3015; 410-837-9305, <http://baltimoredevelopment.com>
3. **Comptroller of Maryland** – Information for Business Taxpayers and Maryland Disability Employment Tax Credits. 1-800-MD Taxes. <http://www.marylandtaxes.com>
4. **Employment Incentives** – Information on Federal and State Incentives. A Project of the Sierra Group Foundation, 588 N. Gulph Road, suite 110, King of Prussia, PA. 19406, 1888-492-2402, 1-800.973.7687;  
<http://www.thesierragroup.com>; <http://www.employmentincentives.com/>
5. **Employing People with Disabilities Resources**  
<http://www.disabilityinfo.gov/digov-public/DisplayPage.do?parentFolderId=13#>
6. **Maryland Department of Disabilities** – A series of fact sheets "Work Matters", State incentives – (410) 767-3660, 1-800-637-4113, <http://www.mdod.maryland.gov>  
[http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives\\_Credits.pdf](http://workforcepromise.org/docs/Fact%20Sheets/Businesses/Tax%20Incentives_Credits.pdf)  
<http://www.mdworkforcepromise.org/businessguide/Chapter%207%20Tax%20Incentives.htm>  
<http://telework.gov> <http://mdtap.gov> (Assistive Technology Loan Program)  
<http://www.dors.state.md.us/DORS/ProgramsServices/Incentives/EID>
7. **Maryland State Department of Education, Division of Rehabilitation Services (DORS)** – Federal and State tax credits are covered. 2301 Argonne Drive, Baltimore, Maryland 21218, 1-888-554-0334;  
<http://dors.state.md.us/DORS/ForEmployers/MDETC.htm>
8. **Maryland Department of Labor, Licensing and Regulation (DLLR)** – Tax Credit Program, 1100 N. Eutaw Street Room 201, Baltimore, Maryland 21201 (410) 767-2047,  
<http://www.dllr.state.md.us/contactinfo/>,
9. **Mayor's Office of Employment Development (MOED) at:** 417 East Fayette Street, Suite 468, Baltimore, Maryland 21202, 410-396-3009, <http://www.oedworks.com>; <http://baltimorecity.gov>;  
<http://www.baltimorecity.gov/business/>
10. **Maryland Work Force Promise**, Maryland State focused tax incentives and benefits – “Employment and Individuals with Disabilities: A Guide for Businesses – Tax Incentives”. Way Station, Inc. 230 West Patrick Street, P.O. Box 3826, Frederick, Maryland 21705-3826, (301) 662-0099, extension 3521  
<http://www.mdworkforcepromise.org/businessguide/Chapter%207%20Tax%20Incentives.htm>

11. **Social Security Administration** – “Ticket to Work Program”, Contact local Social Security Office at: 1-800-772-1213, <http://www.socialsecurity.gov/work>; or 1-866-968-7842, [http://www.yourtickettowork.com/program\\_info?](http://www.yourtickettowork.com/program_info?)
12. **U.S. Department of Labor Employment & Training Administration** – “Tax incentives/Credits”, 1-866-4-USA-DOL, <http://doleta.gov>
13. **U.S. Department of Labor, Office of Disability Employment Policy (ODEP)** – “Tax incentives/Credits”, 1-866-633-7365, <http://www.dol.gov/odep>

Original copy: 9/18/2009, *J.Chin*

*Updates:* Page 4 corrections – #5 & #6 Paragraph duplication, 10/14/2009