

HB 1405

Vicky Steiner, District 37, Dickinson.

Chairman Headland, Committee members

HB 1405 will look familiar to some of you. We passed this bill last session with a sunset. The ARC for disabled people brought this bill, HB 1406, last session to encourage employers to hire disabled and severe mentally ill people. It's limited to the first 100 disabled people who apply.

Section 1 of the bill expands an existing income tax credit allowed to a corporation for hiring an individual who is developmentally disabled or chronically mentally ill. Under current law, the credit is 5% of the first \$6,000 of wages paid during the first 12 months of employment. The credit may not exceed 50% of the corporation's tax liability. The bill expands the credit as follows: (1) The bill will allow the credit to other types of taxpayers—individuals, estates, trusts, and passthrough entities, such as partnerships and S corporations. (2) The credit rate will be increased to 25%. (3) The credit may be claimed in each tax year in which wages are paid to an eligible employee. If a taxpayer is unable to use all of the credit in the year it is earned, the taxpayer may carry the unused portion over up to three tax years. The bill also replaces "chronically mentally ill" with "severe mental illness," and provides that, to qualify, an employer must apply to the Department of Human Services, Vocational Rehabilitation Division, for a determination that the employee has a qualifying disability, is eligible for services, and requires customized employment to obtain competitive integrated employment. No more than 100 individuals may be certified as qualifying for the credit, which is to be determined in the order the applications are received. Note: This bill makes the same changes to the law that were made by the 2019 legislature (HB 1406); however, those changes expired at the end of the 2020 tax year, and the law reverted to the 2018 version for tax years after 2020. That's why it looks different.

This is a win win for bringing people who are difficult to place in the workforce with a competitive integrated employment option.

With Covid, a very small number of people were able to try it briefly. COVID meant that these groups were quarantined. It has the sunset back on it so we can evaluate it. There representative is here to explain their support for the bill again. I ask for a do pass recommendation again.

Thank you Mr. Chairman.