

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WOTC
	CORRESPONDENCE SYMBOL OWI
	DATE November 18, 2015

**ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 28-14,
CHANGE 1**

TO: STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE AGENCIES
STATE WORKFORCE LIAISONS

FROM: PORTIA WU
Assistant Secretary

SUBJECT: Processing of Work Opportunity Tax Credit (WOTC) Certification Requests for Target Group Members Residing in Empowerment Zones (EZs)

1. **Purpose.** To provide the State Workforce Agencies (SWAs) information on the extension of the EZs' new expiration date, the date when SWAs can start processing certification requests for the two target groups which require its members to reside in EZs, and a new EZ locator tool.

2. **References.**

- Sections 119 and 139(b) of the Tax Increase Prevention Act (TIPA) of 2014 (Pub. L. 113-295);
- Sections 309 and 327 of the American Taxpayer Relief Act of 2012 (Pub. L. 112-240);
- Section 261 of the VOW to Hire Heroes Act of 2011 (Pub. L. 112-56) (VOW Act);
- Internal Revenue Code of 1986, Section 51, as amended;
- Internal Revenue Service (IRS) Notice 2015-26 (March 30, 2015);
- IRS Notice 2013-14 (March 7, 2013);
- IRS Notice 2012-13 (February 27, 2012);
- ETA Handbook No. 408, November 2002, Third Edition (the Handbook); and
- August 2009 Addendum to the Handbook.

3. **Background.** On December 19, 2014, President Obama signed into law the *Tax Increase Prevention Act (TIPA) of 2014*. Section 119 reauthorized retroactively the WOTC program with all its target groups and Section 139(b) retroactively extended the Empowerment Zones, both through December 31, 2014. This retroactive extension applies to individuals who began to work for an employer on or after December 31, 2013, and before January 1, 2015.

On December 31, 2014, the legislative authority for all WOTC target groups and EZs expired. The Employment and Training Administration (ETA) provided guidance in

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Training and Employment Guidance Letter ((TEGL) No. 28-14 regarding requests for certifications for all WOTC target groups submitted to the SWAs during the authorization lapse. The guidance directed states to continue accepting applications for employees in these two groups hired on or after December 31, 2013, and before January 1, 2015, but to postpone final processing of those certification requests pending further legislative action and guidance from ETA.

TEGL No. 28-14, Section 8, p. 4, explained that while TIPA provided legislative reauthorization for the extension of all the EZ designations, state and local governments had to amend their nominations for designation have a termination date of December 31, 2014. As a result, ETA instructed the SWAs to continue to accept timely filed certification requests for the Summer Youth and Designated Community Resident (DCR) target groups (since both groups require residence in EZs), but to hold off on processing those requests pending further guidance from ETA. ETA also instructed SWAs to continue to process all timely filed certification requests for eligible members of the DCR target group who reside in Rural Renewal Counties (RRCs).

4. **Empowerment Zone Designation Extension.** IRS worked with the U.S. Departments of Agriculture and Housing and Urban Development (HUD) to provide guidance to state and local governments on how to amend the nomination of an EZ designation through December 31, 2014. According to IRS Notice 2015-26 (available at: http://www.irs.gov/irb/2015-13_IRB/ar18.html), any nomination for an EZ that was in effect on December 31, 2009, is deemed to be amended to provide for a new termination date of December 31, 2014, unless the nominating entity sent written notification to the IRS by May 11, 2015.
5. **Processing Guidance for State Workforce Agencies.** SWAs should process all timely filed certification requests for the following two target groups which require its eligible members to reside in EZs: 1) Summer Youth, and 2) DCRs. As of the date of this TEGL, none of the local nominating entities had declined the nomination for any of the EZs. Please note the EZ for the District of Columbia was not reauthorized by TIPA, Pub. L. 113-295 and as such, is no longer an EZ-designated area for the Summer Youth or DCR target groups.
6. **EZ Locator Tool.** The IRS lists EZs and Rural Renewal Counties in its instructions for Form 8850 (available at <http://www.irs.gov/pub/irs-pdf/i8850.pdf>). The list of active EZs, that have a new termination date of December 31, 2014, is also available on the HUD's EZ/Renewal Communities Address Locator at: www.hud.gov/crlocator. HUD's Address Locator tool can verify if a particular property address location is eligible for the tax incentives or other benefits offered in EZ areas. HUD has created a GoogleMaps tool to supplement the Census data used in the Locator Tool. Please see www.doleta.gov/wotc for detailed up-to-date instructions on how to use the Address Locator and GoogleMaps tool. HUD created a short video tutorial to provide SWAs, employers and their representatives specific instructions on how to use the GoogleMaps tool at <https://www.youtube.com/watch?v=t3r7DGs06TA>. A link to the video is also available from www.doleta.gov/wotc.

7. **Action Requested.** SWA administrators are requested to:

- Provide this information to all appropriate WOTC program State Coordinators, related staff, employers and their representatives, participating agencies and other interested partners; and
- Ensure that the WOTC State Coordinators and participating agencies implement the requirements outlined in this TEGL effective the date this guidance is issued.

8. **Inquiries.** Please direct questions regarding this guidance to the appropriate WOTC Regional Coordinator listed on the WOTC program Website at:
http://www.doleta.gov/business/incentives/opptax/Regional_Contacts.cfm.