

Bill of the Week

State Work Opportunity Tax Credit (HF 2017)

Creates a state work opportunity income tax credit designed to incentivize the hiring of certain individuals facing barriers to employment, which includes Iowans with disabilities.

Key Points and Impacts

- The state work opportunity tax credit would equal 100% of the federal work opportunity tax credit (WOTC) as defined in Section 51 of the Internal Revenue Code.
- The bill creates a state tax credit for corporations who hire individuals who typically face barriers to employment, including workers with disabilities.
- It offers a significant tax credit, potentially up to \$9,600 per employee, based on wages and hours worked
- The federal WOTC expired on December 31, 2025. This means it's unavailable for new hires after that date (unless Congress passes legislation to reauthorize it).
- The credit is nonrefundable, meaning it cannot generate a cash refund if it exceeds the taxpayer's liability.
- Any unused credit amount may be carried forward to the next tax year.
- The bill applies retroactively to tax years beginning on or after January 1, 2026.
- You can find a list of applicable workers here: <https://www.irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit#targeted>



About the Sponsor

Rep. Chad Ingels is from Randalia. He represents Fayette County and parts of Black Hawk and Buchanan Counties. He serves on the Education, Health/Human Services, Labor/Workforce, and Veterans Affairs Committees.

Facts at a Glance

- The unemployment rate for Iowans with disabilities (7.4%) is more than double the unemployment rate for Iowans without disabilities (3.5%). The unemployment rate reflects Iowans looking for work. (State Data Center of Iowa 2024)
- Median earnings for Iowans age 16 and over with disabilities was \$27,395 in 2022. The median earnings for Iowans age 16 and over without disabilities is \$42,622.
- The poverty rate for Iowans with disabilities in 2022 was 26.2%. The poverty rate for Iowans without disabilities is 10.9%.
- 52.3% of individuals with disabilities have at least part-time employment. Of all employed Iowans, 7% report having a disability.

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