

Businesses are allowed to claim a work opportunity tax credit equal to 40% of the first \$6,000 of wages paid to employees of one of nine targeted groups. These groups are: (1) qualified members of families receiving assistance under the Temporary Assistance for Needy Families (TANF) program, (2) qualified veterans, (3) qualified ex-felons, (4) designated community residents, (5) vocational rehabilitation referrals, (6) qualified summer youth employees, (7) qualified members of families receiving Food Stamp assistance, (8) qualified Supplemental Security Income recipients, and (9) long-term family assistance recipients.

The new law expands the work opportunity tax credit to include two new targeted groups: (1) unemployed veterans; and (2) disconnected youth. Individuals qualify as unemployed veterans if they were discharged or released from active duty from the Armed Forces during 2008, 2009 or 2010 and received unemployment compensation for more than four weeks during the year before being hired. Individuals qualify as disconnected youths if they are between the ages of 16 and 25 and have not been regularly employed or attended school in the past 6 months.