

NLWJC - Kagan

DPC - Box 065 - Folder-003

Welfare-Tax Credits

WR - tax credits

Andrea Kane

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc: Emil E. Parker/OPD/EOP

Subject: W2W Partnership & WOTC

As part of the Partnership's next board meeting on 9/15, they are trying to arrange a meeting with House R leadership to reinforce their bipartisan credentials and strengthen their ties on the Hill. Bob McArthur, the new COO, just wanted to let us know that extension of WOTC will be one of the issues on the agenda. I told them we also supported extension, and had it as part of our FY 99 budget proposal.

Andrea Kane

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

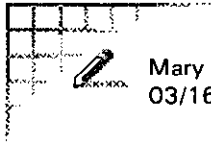
cc: Cynthia A. Rice/OPD/EOP, Diana Fortuna/OPD/EOP, Emil E. Parker/OPD/EOP, Paul J. Weinstein Jr./OPD/EOP

Subject: WOTC extension

In the course of meeting with Treasury, DOL, and OMB, and then also meeting with Bill Signer, the issue came up about whether the Administration should make a special push to extend WOTC, which expires 6/30. We proposed extending both WOTC and the WTW tax credit in our budget, so we're on record. Treasury expects WOTC to be included in an extenders package with other tax credits including R&C and Section 127, though the vehicle and timing are unclear at this point. Neither Treasury nor OMB think we should single out WOTC, since the other credits are also important to us. They also don't feel our help is really needed at this point-- Republicans are supportive of WOTC, as is Rangel. Signer says Gingrich is working to get a letter from Archer and Roth saying WOTC will be extended (probably retroactively). Do you think we should do anything more aggressive at this point?

Signer, the consultants, and businesses are also concerned about what happens during a 'hiatus' once the credit expires. They want to keep the momentum going from employers and want to make sure states don't just trash the paperwork employers send in during this period. DOL has met with them and appears to be putting reasonable guidance in place to states on how to proceed after 6/30. (Their lawyers say they can't force states to process a tax credit that has expired) t?

WR - tax credits



Mary L. Smith
03/16/98 02:37:45 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Tradeable Welfare Tax Credits

Andrea and I attended a meeting at Treasury on Friday where we discussed various options for welfare tax credits. Treasury was very opposed to giving non-profits tax credits either directly or through a syndication scheme (where private investors take the tax credit for the non-profit).

However, they said they would continue looking into the ability of the credits to be maximized by taxable businesses after they have hired an employee from an intermediary. Specifically, they are going to explore the ability of a private business to take the second year of the welfare credit even though the person may have been on the payroll of the intermediary for all or part of the first year. Finally, they are going to look into ways to clarify existing law so that the use of intermediaries is encouraged and the availability of the credit is made more well-known. Thanks, Mary

Message Sent To:

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