



## Legislative Testimony

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### **Written Testimony Supporting Senate Bill 167, An Act Establishing a Tax Credit for Businesses that Hire Formerly Incarcerated People**

Senator Hartley, Representative Simmons, Ranking Members Martin and Cummings, and distinguished members of the Commerce Committee:

My name is Kelly McConney Moore, and I am the policy counsel for the American Civil Liberties Union of Connecticut (ACLU-CT). I am submitting this testimony in support of Senate Bill 167, An Act Establishing a Tax Credit for Businesses that Hire Formerly Incarcerated People.

We strongly encourage the committee to support Senate Bill 167, which would create a \$900 per month tax credit for businesses that hire a certain number of full-time employees. A major barrier that prevents people with a criminal record from fully participating in society is the inability to obtain employment. People with a criminal record are five times more likely to be unemployed than people with no criminal record.<sup>1</sup> A criminal history of felony offenses make it even harder – people with such records are 50% less likely to receive an interview callback.<sup>2</sup> When people with a criminal record are prevented from obtaining employment, we all lose. All people have a right to participate fully in civil society. If Connecticut wants to think of itself as a society that grants second chances, the state needs to live that value by easing the barriers to employment for people with a criminal record.

Currently, the federal government provides a tax credit for people who hire certain vulnerable people, including people with felony convictions.<sup>3</sup> The Connecticut

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<sup>1</sup> Lucius Couloute and Daniel Kopf, "Out of Prison & Out of Work: Unemployment among Formerly Incarcerated People." Prison Policy Initiative (July 2018), available at [https://www.prisonpolicy.org/reports/outofwork.html?mod=article\\_inline](https://www.prisonpolicy.org/reports/outofwork.html?mod=article_inline).

<sup>2</sup> "Criminal Records and Unemployment: The Impact on the Economy." Wharton Public Policy Initiative (Aug. 20, 2017), available at [https://publicpolicy.wharton.upenn.edu/live/news/2071-criminal-records-and-unemployment-the-impact-on#\\_edn11](https://publicpolicy.wharton.upenn.edu/live/news/2071-criminal-records-and-unemployment-the-impact-on#_edn11).

<sup>3</sup> See Mary Fitzpatrick, "Work Opportunity Tax Credit." OLR Research Report (Sept. 26, 2017), available at <https://www.cga.ct.gov/2017/rpt/pdf/2017-R-0182.pdf>.

Department of Labor staffs people who process applications and verify that employees qualify for this tax credit, called the Work Opportunity Tax Credit or WOTC.<sup>4</sup> The program is well-used in Connecticut, growing from 24,704 applications in 2014 to 37,279 in 2016.<sup>5</sup> But, unfortunately, it has not been very effective for getting people with criminal records hired. Nationwide, only around 3% of employees who earned a WOTC for their employer were people with felony convictions.<sup>6</sup> This could be because the WOTC only grants a tax credit for companies that hire a person within their first year of release, which limits eligibility.<sup>7</sup> Moreover, the WOTC, in Connecticut and nationwide, has been plagued by backlogs.<sup>8</sup>

This law, then, could help fill the gaps left by the WOTC. The bill grants its proposed tax credit to people who have been released within the past two years, rather than the one-year requirement in the federal law. Local administration would eliminate the problem with federal backlog. A Connecticut nonprofit, the Malta Justice Initiative, conducted a poll that showed that Connecticut employers were very willing to hire formerly incarcerated people, with 73% of employers saying they would do so if tax credits were available.<sup>9</sup>

Establishing a Connecticut tax credit is one tool in the chest when it comes to helping people with a criminal history get employment. We believe in using this tool and others that will bring about an end to the employment barriers and discrimination faced by people with a criminal record. The ACLU-CT supports Senate Bill 167, An Act Establishing a Tax Credit for Businesses that Hire Formerly Incarcerated People and urges this Committee to support this bill as well.

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Congressional Research Service, The Work Opportunity Tax Credit (Sept. 25, 2018), available at <https://fas.org/sgp/crs/misc/R43729.pdf>.

<sup>7</sup> Chandra Bozelko, "Companies that Hire Ex-Offenders Can Get a Tax Credit, but Very Few Actually Claim It." Barron's (Apr. 23, 2019), available at <https://www.barrons.com/articles/companies-that-hire-ex-offenders-can-get-a-tax-credit-but-very-few-actually-claim-it-51556019056>.

<sup>8</sup> See Mary Fitzpatrick, "Work Opportunity Tax Credit." OLR Research Report (Sept. 26, 2017), available at <https://www.cga.ct.gov/2017/rpt/pdf/2017-R-0182.pdf>.

<sup>9</sup> Malta Justice Initiative, CT Employer Survey (Dec. 2016), available at <http://maltajusticeinitiative.org/wp-content/uploads/2017/01/MJI-Employer-Survey-Full-Text-December-2016-1.pdf>.