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SUPPORT THE HOMELESS YOUTH EMPLOYMENT TAX CREDIT HOUSE BILL 118 (Representative D. Wonda Johnson)

Expand Incentives to Encourage Employers to Hire Youth Experiencing Homelessness

THE ISSUE

Young people experiencing homelessness endure poor outcomes with high social costs. Experiences in our teens and early 20's shape our identities and build pathways to future opportunities. They allow us to acquire skills, discover interests, and build supportive relationships. However, young people experiencing homelessness are disconnected from community and seldom have these experiences. Many are ill-prepared to secure and succeed in their employment and career interests, and few employers are willing to hire these young people who may require additional resources and support.

In order to improve their transition to adulthood and help address New Mexico's skilled employee gap, **young people experiencing homelessness must be allowed to work, and employers must be encouraged and supported in providing employment opportunities for these youth.**

THE OPPORTUNITY

House Bill 118 will address this concern by:

- Providing a monetary incentive to employers who hire youth experiencing homelessness who are 25 years old and younger
- Giving youth who are experiencing homelessness increased access to jobs

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SUPPORT SENATE BILL 118 (Representative D. Wonda Johnson)

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FREQUENTLY ASKED QUESTIONS

Who is this legislation for?

Employers of any size who employ youth experiencing homelessness, or current or former foster youth will benefit from this legislation by receiving a tax credit. Youth who are hired will also benefit by becoming employed and gaining work skills.

What does the bill do?

The proposed legislation expands the existing foster youth tax credit to provide taxpayers who employ 'homeless youth' for at least 920 hours per year up to a \$1,000 tax credit per youth employed during a given tax year. The tax credit can be carried forward up to three years if the credit exceeds the employer's tax liability in the year the credit is claimed. It also moves the administration of the tax credit to New Mexico's Department of Workforce Solutions, making the process of claiming the credit more accessible for employers.

Who are 'homeless youth'?

For the purposes of this bill, a 'homeless youth' means an individual who:

- Meets the definition of "homeless children and youths" pursuant to 42 U.S.C. Section (McKinney-Vento Homeless Assistance Act); AND
- Is aged 25 years or younger in the taxable year for which the tax credit is claimed; AND
- Works at least 920 hours during the taxable year for which the tax credit is claimed.

Why do we need it?

Experiences in our teens and early 20's—such as after school or part time jobs—shape our identities and build pathways to future opportunities. They allow us to acquire skills, discover interests, and build supportive relationships. However, young people experiencing homelessness are disconnected from community and seldom have these experiences. As a result, many are ill-prepared to secure and succeed in their employment and career interests. They have vast potential and capacity, but they do not have access to many of the experiences and opportunities required for a successful transition to adulthood. Obtaining a job is essential in developing their life skills and putting them on the path to sustained future employment and career development.

Who will administer it?

New Mexico's Department of Workforce Solutions will administer the tax credit, and will certify youth in collaboration with New Mexico's Children, Youth and Families Department.

What will it cost?

The cost will depend on the number of youth experiencing homelessness that are employed and identified as such in any given year, with the potential cost of \$1,000 per youth employed. Potential cost savings will occur due to increased employment of youth. In effect, this legislation will reduce the unemployment rate of youth struggling with homelessness and reduce the long-term cost burden associated with unemployment, homelessness, and other negative social impacts.

ADDITIONAL QUESTIONS

Please contact Director of Policy and Advocacy Arika E. Sánchez at 808-225-1494 or Arika.Sanchez@nmcan.org.



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