Hiring Unemployed Veterans

Estimated 2021-23 beneficiary savings: $137,600 (B&O Tax); $15,200 (Public Utility Tax)

A limited number of businesses have used the B&O and public utility tax credits. They have had a negligible impact on veteran unemployment in WA.

Preference scheduled to expire July 1, 2023

Through the end of 2019, 132 veterans were hired by a total of 45 businesses using the credits. There were an estimated 12,000 unemployed veterans in Washington in 2019. **If all 132 of the veterans were hired because of the tax credits, the preferences would have resulted in a 1% reduction in the number of unemployed veterans.**

Credits did not meet goal of reducing unemployed veterans by 30%
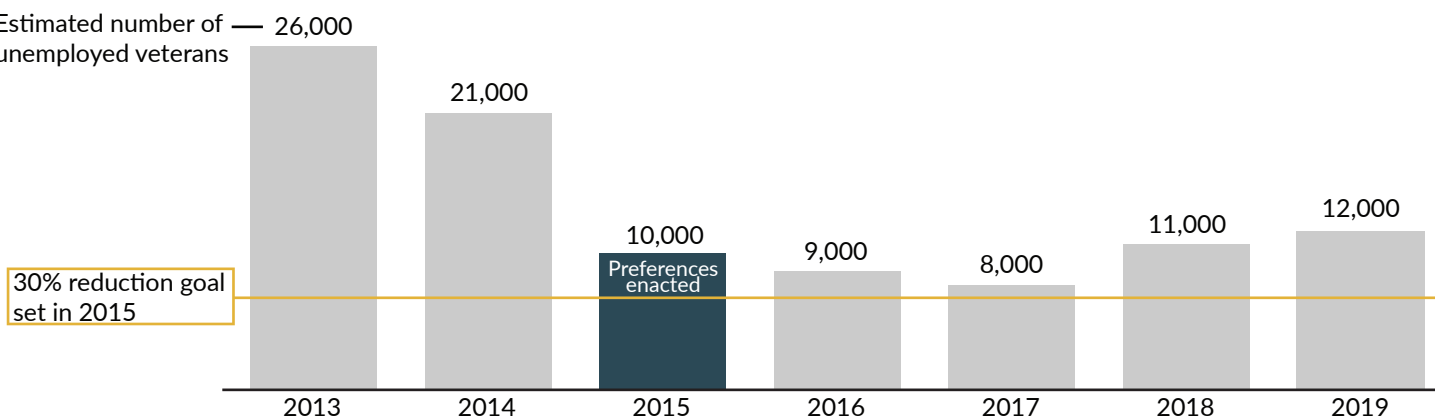
Estimated number of unemployed veterans has increased since preferences were passed in 2015

The Legislature stated it wanted to encourage businesses to hire unemployed veterans. It directed the Legislative Auditor to recommend continuing the preferences if the number of unemployed veterans decreased by 30%. As of the end of 2019, the number of unemployed veterans was 20% higher than it was in 2015.

JLARC staff identified several potential reasons why credits are not more widely used:
- No agency or organization is charged with publicizing or promoting them.
- Businesses report mixed views on how much the credits impact their hiring decisions.
- WA businesses used an existing federal credit to hire 4,632 veterans in 2019.

Estimated number of unemployed veterans

30% reduction goal set in 2015

Year	Estimated number of unemployed veterans
2013	26,000
2014	21,000
2015	10,000 (Preferences enacted)
2016	9,000
2017	8,000
2018	11,000
2019	12,000

LEGISLATIVE AUDITOR'S RECOMMENDATION

Modify the preferences

The preferences are not currently working as intended. The Legislature should modify them to more effectively serve veterans seeking jobs. Options could include designating a state agency to promote the credit, focusing on a subset of veterans or businesses, or redirecting resources to other state-funded veteran employment programs. If the Legislature does not take action, the preferences are scheduled to expire July 1, 2023.