



## Trade Adjustment Assistance (TAA) Policy Employment System Administration and Policy

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Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

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**Policy Number:** 3030 (2021)

**To:** Washington WorkSource System

**Effective Date:** July 1, 2021

**Subject:** Health Coverage Tax Credit (HCTC)

### 1. Purpose:

To communicate state policy on Health Coverage Tax Credit as it applies to Trade Adjustment Assistance (TAA), and Alternative Trade Adjustment Assistance (ATAA) participants. (Section 35, Internal Revenue Code (I.R.C.) of 1986) (26 U.S.C. 35), as amended by Section I. of the TAA Reversion of 2021.

### 2. Background:

The Trade Adjustment Assistance Reauthorization Act of 2015 reinstated HCTC through December 2020. Training and Employment Notice (TEN) 10-20, Change 1, issued December 31, 2020, further extends HCTC through December 31, 2021. Title II of the TAA Reform Act created the initial HCTC Federal income tax credit, which subsidizes certain health insurance coverage for individuals identified as:

- Individuals who received Trade Readjustment Allowance (TRA) for any day of the reference month
- Individuals who would have been eligible to receive TRA in the reference month except for not having exhausted their unemployment compensation entitlement
- Eligible ATAA participants

HCTC is a tax credit that pays 72.5 percent of qualified health insurance premiums for eligible individuals and their families. The HCTC acts as partial reimbursement for premiums paid for qualified health insurance coverage.

**3. Policy:**

The TRA Unit will notify eligible TAA participants and ATAA participants of their potential eligibility for HCTC and direct them to the [IRS HCTC website](#) for further information.

**4. Definitions:**

None.

**5. References:**

- [Training and Employment Notice \(TEN\) 10-20, Change 1](#)
- [Training and Employment Notice No. 25-15](#)
- [Unemployment Insurance Program Letter No. 1-17](#)
- [Training and Employment Guidance Letter \(TEGL\) 24-20](#)

**6. Supersedes:**

- None.

**7. Website:**

<https://www.irs.gov/credits-deductions/individuals/hctc>  
<https://wpc.wa.gov/policy/state/TAA>

**8. Action:**

Employment Security Department Regional Directors and WorkSource Administrators must distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

**Direct Inquiries To:**

*Employment System Administration and Policy  
Employment System Policy and Integrity Division  
Employment Security Department  
P.O. Box 9046  
Olympia, WA 98507-9046  
[SystemPolicy@esd.wa.gov](mailto:SystemPolicy@esd.wa.gov)*