

SENATE BILL REPORT

SB 5781

As Reported By Senate Committee On:
Transportation, March 4, 1999

Title: An act relating to the commute trip reduction tax credit.

Brief Description: Extending the commute trip tax reduction credit.

Sponsors: Senators Eide, Swecker, Fraser and Costa; by request of Department of Ecology.

Brief History:

Committee Activity: Transportation: 2/18/99, 3/4/99 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5781 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Goings, Vice Chair; Benton, Costa, Eide, Finkbeiner, Heavey, Horn, Jacobsen, Johnson, Morton, Oke, Sellar, Sheahan, T. Sheldon, Shin and Swecker.

Staff: Gene Baxstrom (786-7303)

Background: Major employers (100 or more employees) in the state's nine largest counties are currently required to implement commute trip reduction programs to reduce the number of their employees traveling by single-occupant vehicles to their work sites.

To help reduce congestion, improve air quality and assist employers in efforts to provide incentives for employees to carpool, the Legislature has authorized business and occupation and public utility tax credits for employers throughout the state if they provide financial incentives to their employees for ride sharing in car pools, public transportation and non-motorized commuting. Employers may apply for a tax credit of up to \$60 per person per year or up to 50 percent of the financial incentive, whichever is less. The incentive provided to the employee by the employer must be at least double the tax credit claimed. There is a limit of \$100,000 per employer per year.

There is a cap on total credits of \$1.5 million per year. The tax credit is funded through the air pollution control account and the tax credit sunsets June 30, 2000.

Summary of Substitute Bill: The tax credit for which employers are eligible, by providing financial incentives to their employees to rideshare or use other transportation alternatives to the single occupant vehicle, are extended from June 30, 2000, to June 30, 2006.

Funding for such incentives from the air pollution control account are not to exceed \$750,000 per year. The maximum obligations of both accounts combined, for the business

and occupation tax and the public utility tax credit, is increased from \$1.5 million to \$2.5 million each calendar year.

Other funds noted for reimbursing the general funds for tax credits are the high capacity transportation account, the central Puget Sound public transportation account, and the transportation account. The use of the central Puget Sound public transportation account is broadened to include fund tax credits for commute trip reduction. The sunset for the existing authorization to use high capacity transportation account funds for such tax credits is repealed.

The tax credit is extended to property managers who provide financial incentives for commute trip reduction programs at their properties.

Substitute Bill Compared to Original Bill: The requirement that \$750,000 of high capacity transportation account funds per year be used to fund tax credits is removed. The use of the central Puget Sound public transportation account and the continued use of the high capacity transportation account for funding tax credits is added.

The tax credit for property managers is added.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect July 1, 1999.

Testimony For: Additional funding sources are needed to supplement the air pollution account. The program is very successful and encourages employers to aggressively advocate and support commute trip reduction programs. The extension of tax credits to property managers would encourage the development of programs at sites where many small employers would be able to participate.

Testimony Against: None.

Testified: PRO: Senator Eide, prime sponsor; Stu Clark, Dept. of Ecology; Brian Lagerberg, Dept. of Transportation (with amendments); Cathy Cole, Commuter Challenge; Jamie Mitchell, Korry Electronics; Katy Taylor, Weyerhaeuser Company.