

HOUSE BILL REPORT

HB 2917

As Reported By House Committee On:

Transportation

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

Brief Description: Extending the commute trip reduction tax credit.

Sponsors: Representatives Radcliff, Fisher, Mitchell, Murray, Cooper, Ruderman, Edmonds, Edwards and Linville.

Brief History:

Committee Activity:

Transportation: 1/27/00, 2/1/00 [DPS].

Brief Summary of Substitute Bill

- Extends the sunset date of the tax credit.
- Eliminates the reimbursement to the general fund for lost revenue associated with the tax credit.
- Expands eligibility for the tax credit.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 20 members: Representatives Fisher, Democratic Co-Chair; Mitchell, Republican Co-Chair; Cooper, Democratic 1st Vice Chair; Edwards, Democratic 2nd Vice Chair; Hankins, Republican Vice Chair; Buck; G. Chandler; Haigh; Hatfield; Hurst; Lovick; McDonald; Mielke; Ogden; Pflug; Romero; Schual-Berke; Skinner; Wood and Woods.

Minority Report: Without recommendation. Signed by 1 member: Representative Schindler.

Staff: Jay Alexander (786-7339).

Background:

Under current law, major employers in the state's nine largest counties are required to implement commute trip reduction programs in order to reduce the number of employees traveling by single-occupant vehicles to the work place.

As an incentive for employers to encourage employee participation, 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, using public transportation, or for 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 maximum annual credit allowed per employer is \$100,000. The tax credits expire on December 31, 2000.

Initially, the annual cap on total credits was established at \$2 million and subsequently reduced in 1996 to \$1.5 million. This ongoing amount was funded from the air pollution control account and was not subject to appropriation. In 1999, the annual cap was increased to \$2.25 million. This increase was funded from, and conditioned upon, equal appropriations from the transportation account and public transportation systems account. These accounts were to reimburse the general fund for the revenue lost to tax credits.

Citing concern over shortfalls in the air pollution control account, the Governor vetoed an extension of the sunset on the tax credit (SSB 5781) which would have authorized the credit until December 31, 2006.

Initiative 695 (I-695) repealed the \$2 per motor vehicle clean air excise tax; the primary source of funds for the air pollution control account. The transportation account and the public transportation systems account were also repealed by I-695.

Summary of Substitute Bill:

The annual cap on total credits available is maintained at \$2.25 million. However, the reimbursements to the general fund for lost revenue associated with the tax credits are eliminated.

The sunset on the tax credit is extended from December 31, 2000 to December 31, 2006.

The eligibility to apply for the tax credit is expanded to include employers who provide financial incentives to employees of other employers occupying the same worksite.

Substitute Bill Compared to Original Bill: The original bill increased the annual cap on total credits available from \$2.25 million to \$3.0 million.

Appropriation: None.

Fiscal Note: Requested on January 24, 2000.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: Provides continued incentive for employers to implement commute trip reduction activities throughout the state.

Testimony Against: None.

Testified: Andrew Johnson and Doug Vaughn, Office of Financial Management; Brian Lagerberg, Department of Transportation; Cathy Call, Commuter Challenge; Matthew Fairfax, Washington Dental Service; Lori Leseberg, University Village; Tim Hesterberg; Rebecca Cochran, Sierra Club; and Ian McGowin.