

# HOUSE BILL REPORT

## SSB 5781

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**As Reported By House Committee On:**  
Transportation

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

**Brief Description:** Extending the commute trip tax reduction credit.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators Eide, Swecker, Fraser and Costa; by request of Department of Ecology).

**Brief History:**

**Committee Activity:**

Transportation: 3/31/99, 4/5/99 [DPA].

**Brief Summary of Substitute Bill  
(As Amended by House Committee)**

- Extends Commute Trip Reduction (CTR) program sunset until June 30, 2006, from June 30, 2000.
- Increases CTR tax credit ceiling from \$1.5 million to \$2.5 million, allowing use of the Transportation Account and the Public Transportation Systems Account for additional funds, subject to appropriation.
- Allows property owners subsidizing CTR programs to qualify for tax credit.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass as amended. Signed by 23 members: Representatives Fisher, Democratic Co-Chair; K. Schmidt, Republican Co-Chair; Cooper, Democratic 1st Vice Chair; Ericksen, Republican Vice Chair; Hankins, Republican Vice Chair; Buck; G. Chandler; DeBolt; Fortunato; Haigh; Hatfield; Hurst; Lovick; McDonald; Mitchell; Murray; Ogden; Pflug; Radcliff; Schindler; Schual-Berke; Skinner and Wood.

**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.

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**Summary of Amended Bill:**

The tax credits for which employers are eligible, by providing financial incentives to their employees to ride-share or use other transportation alternatives to the single occupant vehicle, are extended from June 30, 2000, to June 30, 2006.

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

The maximum amount of the business and occupation tax and public utility tax credit, is increased from \$1.5 million to \$2.25 million each calendar year.

Other funds are authorized for reimbursing the general fund for tax credits are the transportation account and the public transportation systems account. The use of the public transportation systems account is broadened to include funding tax credits for commute trip reduction.

**Amended Bill Compared to Substitute Bill:** The ceiling on tax credits is reduced from \$2.5 million to \$2.25 million. The annual contribution of the air pollution control account is increased from \$750,000 to \$1.5 million. Use of high capacity transportation account funds for CTR tax credits is removed.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** The bill takes effect on July 1, 1999.

**Testimony For:** The tax credit level is far below the potential for additional companies participating in CTR. The air pollution control account doesn't have sufficient funds to meet demands on the account.

Property managers who participate in CTR programs, should be eligible for tax credits.

**Testimony Against:** None.

**Testified:** Representative Jim McIntire, House of Representatives; Matt Hansen, King County Metro; Cathy Cole, Commuter Challenge; Shelly DaRonche, Fred Hutchinson Cancer Research Center; Katy Taylor, Weyerhaeuser; Jamie Mitchell, Korry Electronics; Mary Burg, Department of Ecology; and Brian Lagerberg, Washington State Department of Transportation.