

***Transportation Committee***

***HB 1988***

***Brief Description:*** *Providing commute trip reduction incentives.*

***Sponsors:*** *Representatives Mitchell, Fisher, Simpson, Ogden, Schual-Berke, Conway, Kenney, Hurst, Kagi, Wood and McIntire; by request of Office of Financial Management.*

***Brief Summary of Bill***

- *Reestablishes tax credit incentives and creates a grant program for employers who provide subsidies to their employees to take non-single occupant vehicles to work, up to \$60 per year per employee.*
- *The act takes effect January 1, 2002, subject to funding from the multimodal transportation account.*

***Hearing Date:*** *2/21/01*

***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.*

*Until December 31, 2000, the Legislature authorized business and occupation and public utility tax credits for employers throughout the state if they provided financial incentives to their employees for ride sharing in car pools, public transportation and non-motorized commuting (CTR modes). The purpose of this credit was to help reduce congestion, improve air quality and assist employers in efforts to provide incentives for employees to use CTR modes. Employers were able to apply for a tax credit of up to \$60 per person per year or up to 50 percent of the financial incentive, whichever was less.*

*The General Fund was originally reimbursed for the amount of credits by the Air Pollution Control Account when the annual cap on credits was \$1.5 million. When the maximum annual credits were increased in 1999 to \$2.25 million, the additional funds were from transportation related accounts. The specific sources of reimbursement to the General Fund were eliminated when the state Motor Vehicle Excise Tax was repealed.*

*In 1999 Governor Locke vetoed legislation extending the tax credit until 2006, citing concerns over the impact to the Air Pollution Control Account. In 2000 legislation proposed by Governor Locke to have the General Fund absorb the amount of the tax credits until 2006 did not pass.*

**Summary of Bill:**

*The commute trip reduction tax credit which expired in December 31, 2000 is reenacted until December 31, 2006. Employers that provide incentives for employees to carpool are allowed a business and occupation or public utility tax credit if they provide financial incentives to their employees for ride sharing in car pools, public transportation, using car sharing and non-motorized commuting (CTR incentives). Employers may apply for a tax credit of up to \$60 per employee per year or up to 50 percent of the financial CTR incentive, whichever is less. Property managers and other employers may claim a credit for incentives granted employees at worksites.*

*There is a limit of \$100,000 per employer per year and no tax credit can be greater than taxes due and credits cannot be carried back or forward.*

*Until December 31, 2006 the Department of Transportation is to administer a program for organizations not eligible to receive the tax credits including public agencies, nonprofit organizations, developers and property managers for grants of 50 percent of those incentives paid by employers and property managers for CTR incentives. This program is limited to \$2 million per year.*

*There is an overall limit of \$5 million per year in tax credits and grants, funded by the Multimodal Transportation Account. Car sharing and other terms are defined. The tax credits expire December, 31, 2006. If funding is not provided for the act by December 31, 2001, the act is null and void.*

**Appropriation:** *None.*

**Fiscal Note:** *Available.*

**Effective Date:** *The bill takes effect on January 1, 2002 if funding to fulfill the purposes of the act is provided to the Multimodal Transportation Account by December 31, 2001. However, the bill is null and void unless funded in the budget.*