

FINAL BILL REPORT

ESHB 2228

C 364 L 03

Synopsis as Enacted

Brief Description: Extending commute trip reduction incentives.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Murray, Wallace, Cooper, Clibborn, Simpson, Rockefeller, Hudgins and Hankins).

House Committee on Transportation
Senate Committee on Highways & Transportation

Background:

Major employers who employ 100 or more employees in the state's 10 largest counties are 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 the 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 State 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 The specific sources of reimbursement to the State General Fund were eliminated when the state motor vehicle tax was repealed.

Legislation was passed in 2002 to reinstitute the CTR tax credits; however, that legislation was conditioned on voter approval of Referendum 51, which failed.

Summary:

A commute trip reduction tax credit is enacted from July 1, 2003, until June 30, 2013. Employers 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, using 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 fiscal year or up to

50 percent of the financial CTR incentives, whichever is less. Property managers and other employers may claim a credit for incentives granted employees at their work sites.

No tax credit can be greater than taxes due, nor greater than \$200,000 each fiscal year. Tax credits may not be carried back but may be carried forward for up to three years.

Until June 30, 2013, the Department of Transportation must administer a program for incentive grants that will result in the most cost effective reductions of trips to work sites. Private employers, public agencies, nonprofit organizations, developers and property managers are eligible for annual grants of up to \$100,000 for incentives provided to reduce commute trips for employees. Total grants are limited to \$750,000 per fiscal year.

The State General Fund is reimbursed for the amount of tax credits from the Multimodal Transportation Account. The tax credits and grants expire June 30, 2013. The act is null and void if HB 2231 (transportation revenue bill) is not enacted. The tax credit provisions are in effect only as long as revenues are provided by ESHB 2231 to the Multimodal Transportation Account.

Votes on Final Passage:

House 91 5
Senate 36 9 (Senate amended)
House (House refused to concur)
Senate 38 11 (Senate amended)
House 89 9 (House concurred)

Effective: July 1, 2003