SENATE BILL REPORT
ESHB 2228

As Reported By Senate Committee On:
Highways & Transportation, April 10, 2003

Title: An act relating to commute trip reduction incentives.

Brief Description: Extending commute trip reduction incentives.

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

Brief History:
Committee Activity: Highways & Transportation: 4/10/03 [DPA].

SENATE COMMITTEE ON HIGHWAYS & TRANSPORTATION

Majority Report: Do pass as amended.
Signed by Senators Horn, Chair; Swecker, Vice Chair; Esser, Finkbeiner, Haugen, Jacobsen, Kastama and Prentice.

Staff: Tami Neilson (786-7452)

Background: Major employers who employ 100 or more employees in the counties with populations over 150,000 are currently required to implement commute trip reduction (CTR) programs to reduce the number of their employees traveling by single-occupant vehicles to their work sites. Counties that do not meet these population requirements may, along with the cities and towns within the counties, elect to adopt and implement CTR plans. In addition, a CTR plan for state agencies must be developed, and each state agency must implement a CTR program for each facility that is a major employer.

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 nonmotorized commuting (CTR modes). Employers were able to apply for a tax credit of up to $60 per person, per year or 50 percent of the financial incentive, whichever was less.

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 of Amended Bill: Tax Credits. A commute trip reduction tax credit is enacted from July 1, 2004 until July 1, 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, public transportation, car sharing, and nonmotorized commuting, including telework. Employers may apply for a tax credit of up to $60 per employee per year or up to 50 percent of the financial CTR incentives, whichever is less.

No tax credit can be greater than taxes due, nor greater than $200,000. Tax credits cannot be carried back but may be carried forward for up to three years. Total tax credits are limited to $2,250,000 per fiscal year.

Grant Program. From July 1, 2004 until July 1, 2013, the Washington State Department of Transportation (WSDOT) must administer a program to award grants to employers who give financial incentives to their employees for ride sharing in car pools, public transportation, car sharing, and nonmotorized commuting, including telework. The amount of the grant will be determined based on the value to the transportation system of the vehicle trips reduced. 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.

The total amount of grants issued by WSDOT may not exceed $750,000 per fiscal year. No employer is eligible for both grants and tax credits in the same fiscal year.

Revenue for Tax Credit and Grant Programs. The general fund must be reimbursed for the amount of tax credits from the Multimodal Transportation Account. If additional funding is not provided for the Multimodal Transportation Account by January 1, 2004, the tax credit and grant programs do not take effect.

CTR Program Changes. Counties with a population over 150,000 and cities and towns within them with major employers are not required to implement CTR plans for all major employers. To qualify for the retail sales tax, use tax, and MVET exemptions on vehicles used for commuter ridesharing purposes, major employers must certify that the commuter ridesharing arrangement either: (1) conforms to a carpool/vanpool element in their CTR program; or (2) is used primarily for van or carpooling purposes.

Amended Bill Compared to Original Bill: The tax credit and grant programs operate on a fiscal year schedule instead of a calendar year schedule. Technical changes were made to the effective and expiration dates. A definition of telework is provided, and it is included as an activity eligible for public utility tax and business and occupation tax credits. No employer may receive both grants and tax credits in the same fiscal year.

Counties with a population over 150,000 and cities and towns within them with major employers are not required to implement CTR plans for all major employers. To qualify for the retail sales tax, use tax, and MVET exemptions on vehicles used for commuter ridesharing purposes, major employers must certify that the commuter ridesharing arrangement either: (1) conforms to a carpool/vanpool element in their CTR program; or (2) is used primarily for van or carpooling purposes.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The CTR tax credit and grant programs take effect on July 1, 2004, but only if additional revenue is provided. Provisions relating to the CTR program contain an emergency clause and take effect on July 1, 2003.

Testimony For: Tax credits are supported by business and environmental groups. Businesses are more likely to provide financial incentives for commute trip reduction if there are tax credits.

Testimony Against: None.

Testified: PRO: Representative Murray; Stephanie Bowman, Greater Seattle Chamber of Commerce.