

SENATE BILL REPORT

ESB 6003

As Passed Senate, April 5, 2005

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

Brief Description: Modifying the commute trip reduction tax credit.

Sponsors: Senator Jacobsen.

Brief History:

Committee Activity: Transportation: 3/1/05, 3/2/05 [DP, DNP].
Passed Senate: 4/5/05, 30-19.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Haugen, Chair; Jacobsen, Vice Chair; Poulsen, Vice Chair; Swecker, Ranking Minority Member; Eide, Kastama, Oke, Spanel and Weinstein.

Minority Report: Do not pass.

Signed by Senators Benson, Esser and Mulliken.

Staff: Kimberly Johnson (786-7346)

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.

Under the commute trip reduction program, 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 claimed can be greater than the amount of taxes due, or greater than \$200,000 each fiscal year. Tax credits may not be carried back but may be deferred for up to three years. The tax credits claimed in a fiscal year may not exceed the amount of credit available, which under current law is \$2.25 million dollars per fiscal year. Under current law, a credit that is deferred, and then claimed in a fiscal year, applies against the amount of credit available.

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.

Summary of Bill: Tax credit deferrals are not allowed past the effective date of this act, therefore no credit deferred may be used after June 30, 2008.

A tax credit may be carried forward, if the amount of the credit the applicant is eligible for exceeds the applicant's tax liability in the fiscal year. The amount of tax credit carried forward does not apply towards the \$2.75 million dollar cap.

If the total amount of credit applied for by all applicants in any year exceeds the statutory limit then the Department of Revenue will proportionately reduce the amount of credit allowed for all applicants to meet the statutory limit.

This bill is null and void, unless SB 6103, concerning transportation revenues, is enacted by June 30, 2005.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: This bill contains an emergency clause and takes effect July 1, 2005.

Testimony For: The Commute Trip Reduction tax credit has proved to be an effective way to get employers to subsidize transit and car pools for the benefit of their employees. The Commute Trip Reduction Task Force brought this bill to the Legislature so that both small and large employers are able to take part in the tax credit program.

Testimony Against: None.

Who Testified: PRO: Bill Roach, Commute Trip Reduction Task Force; Brian Lagerberg, Washington State Department of Transportation.

House Amendment(s): If the amount of credits applied for exceeds the total state limit, the proportional reductions will apply to all credits equally.

The amendment clarifies that credits used in subsequent years are subject to the total state limitation for the fiscal year for which the credit was originally approved.

The amendment changes the timing of the reimbursement of the general fund from the multimodal fund from a calendar year to a fiscal year. Requires that the multimodal account prepay the amount of the credit to the general fund.