

HOUSE BILL REPORT

2SSB 6260

As Passed House - Amended:

February 29, 1996

Title: An act relating to revising the state ride sharing tax credit.

Brief Description: Revising the state ride share tax credit.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Drew, Owen, Prince, Haugen, Prentice, Kohl, Wood, Long, Sheldon, Schow, Strannigan, Sellar, Finkbeiner, Heavey, Fairley, McAuliffe, Rasmussen, Quigley, Rinehart, Goings, Thibaudeau and Winsley).

Brief History:

Committee Activity:

Transportation: 2/21/96, 2/22/96 [DP].

Floor Activity:

Passed House - Amended: 2/29/96, 82-14.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 22 members: Representatives K. Schmidt, Chairman; Mitchell, Vice Chairman; Skinner, Vice Chairman; Hatfield, Assistant Ranking Minority Member; Backlund; Blanton; Brown; Buck; Cairnes; Chopp; Elliot; Hankins; Horn; Johnson; McMahan; Ogden; Quall; Romero; D. Schmidt; Scott; Sterk and Tokuda.

Minority Report: Do not pass. Signed by 1 member: Representative R. Fisher, Ranking Minority Member.

Staff: Gene Baxstrom (786-7303).

Background: Major employers (100 or more employees) in the state's eight 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 to employees to carpool, the Legislature in 1994 authorized business and occupation and public utility tax credits for major employers in the eight counties, if they provide financial incentives to their employees for ride sharing in car

pools with four or more persons. Major employers may apply for a tax credit of up to \$60 per person per year with a limit of \$200,000 per employer per year. The incentive provided to the employee by the employer must be at least double the tax credit claimed.

There is a cap on total credits of \$2 million per year. The tax credit is funded through the air pollution control account, and the tax credit sunsets June 30, 1996. The Commute Trip Reduction Task Force is to report on the effectiveness of the tax credit no later than December 1, 1996.

Summary of Bill: The employers who are eligible to qualify for business and occupation or public utility tax credits for providing financial incentives to employees for ride sharing is expanded from only major employers in the state's eight largest counties to all employers in the state. The financial incentives for which employers qualify are expanded to include the use of public transportation, including the state ferry system, and nonmotorized commuting. The current incentive for ride sharing is expanded from carpools of four or more to carpools of two or more. The credit allowed for employers of persons using two person carpools is at 30 percent of financial incentives provided to employees, and 50 percent for other qualifying activities, with the maximum \$60/employee/year credit.

The sunset date for the tax credit is extended from June 30, 1996, to June 30, 2000. Application for tax credit procedures are modified to provide that they must be made at least once each year and not more than once quarterly. The due date of the report on the effectiveness of the tax credit is changed from December 1, 1996, to December 1, 1997. The report is to include information on the total tax credits claimed, as well as recommendations on future funding for the tax credit program.

The statewide cap is reduced from \$2 million to \$1.5 million. The employer cap is reduced from \$200,000 to \$100,000.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 1996.

Testimony For: The program to encourage ride sharing would be extended. Employers would be given credit for providing incentives for employees to use public transportation and nonmotorized modes. These incentives are a cost-effective method of addressing transportation needs.

Testimony Against: None.

Testified: Senator Kathleen Drew, prime sponsor; Dan Finn, Transportation Management Alliance; Cathy Cole, Commuter Challenge; Laurie Curtis, Alaska Airlines; Ted Horobiowski, Washington Water Power; and Judy Frolich, Washington Association of Counties.