

FINAL BILL REPORT

2SSB 6260

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Synopsis as Enacted

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).

Senate Committee on Transportation
Senate Committee on Ways & Means
House Committee on Transportation

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 for 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: 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 are 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 or 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 is maintained at 50 percent of financial incentives, except that for persons using two person carpools, it is 30 percent of financial incentives provided to employees. The maximum \$60/employee/year credit is retained.

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 annual cap for tax credits is reduced from \$2 million to \$1.5 million. The employer cap is reduced from \$200,000 to \$100,000 per year.

Votes on Final Passage:

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|--------|----|----|--------------------|
| Senate | 48 | 0 | |
| House | 82 | 14 | (House amended) |
| Senate | 45 | 1 | (Senate concurred) |

Effective: July 1, 1996