

# SENATE BILL REPORT

## 2SSB 6260

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As Passed Senate, February 9, 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: 1/16/96, 2/1/96 [DPS].

Ways & Means: 2/5/96, 2/6/96 [DP2S].

Passed Senate, 2/9/96, 48-0.

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 6260 be substituted therefor, and the substitute bill do pass.

Signed by Senators Owen, Chair; Heavey, Vice Chair; Goings, Haugen, Morton, Oke, Prentice, Prince, Rasmussen, Schow, Sellar, Thibaudeau and Wood.

**Staff:** Gene Baxstrom (786-7303)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 6260 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Hargrove, Hochstatter, Johnson, Kohl, Long, McDonald, Moyer, Pelz, Quigley, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

**Staff:** Cathy Baker (786-7715)

**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 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 of persons using two person carpools is at 30 percent of financial incentives provided to employees, 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 on original bill.

**Effective Date:** July 1, 1996.

**Testimony For (Transportation):** The program to encourage ride sharing is extended. Employers are 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 (Transportation):** Concern was expressed over providing incentives for two person carpools. Concern was voiced over the use of the air pollution account for funding this programs.

**Testified (Transportation):** Senator Drew, prime sponsor; Judy Frolich, Washington State Assn. of Counties (pro); Dan Finn, Transportation Management Associations (pro); Bruce Wishart, Sierra Club (concerns); Aaron Ostrom, Alt-Tran (pro w/concerns); Scott Merriman, WA Environmental Council (pro w/concerns); Kathy Cole, Commuter Challenge (pro); Stu Clark, Dept. of Ecology (concerns); Bill Roach, Metro.

**Testimony For (Ways & Means):** The bill will help increase utilization of the tax credit within the cap that was established for the program originally.

**Testimony Against (Ways & Means):** The air pollution control account may not be able to support the expanded tax credits in the future.

**Testified (Ways & Means):** Stu Clark, Dept. of Ecology; Bill Roach, King County METRO (pro).

**House Amendment(s):** Language is added to clarify that the Washington State ferries are included in the definition of public transportation and commuter ride sharing, as related to employers qualifying for tax credits for incentives to carpool and ride public transportation.