

# SENATE BILL REPORT

## SB 6399

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As Reported By Senate Committee On:  
Transportation, January 20, 2000  
Ways & Means, February 22, 2000

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

**Brief Description:** Modifying the commute trip reduction tax credit.

**Sponsors:** Senators Eide, Haugen, Swecker and Winsley; by request of Office of Financial Management.

**Brief History:**

**Committee Activity:** Transportation: 1/20/2000 [DP-WM, DNP].  
Ways & Means: 2/1/2000, 2/22/2000 [DPS].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Goings, Vice Chair; Eide, Jacobsen, Johnson, Oke, Patterson, Prentice, T. Sheldon, Shin and Swecker.

**Minority Report:** Do not pass.

Signed by Senators Benton and Heavey.

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

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6399 be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fraser, Kline, Kohl-Welles, Long, McDonald, Rasmussen, B. Sheldon, Spanel, Thibaudeau and Wojahn.

**Staff:** Terry Wilson (786-7433)

**Background:** Major employers (100 or more employees) in the state's nine 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 has authorized business and occupation and public utility tax credits for employers throughout the state if they provide financial incentives to their employees for ride sharing in car pools, public transportation and non-

motorized commuting. Employers may apply for a tax credit of up to \$60 per person per year or up to 50 percent of the financial incentive, whichever is less. The incentive provided to the employee by the employer must be at least double the tax credit claimed. There is a limit of \$100,000 per employer per year. The tax credits expire December, 31, 2000.

In 1999, the annual cap on total credits was increased from \$1.5 million to \$2.25 million, with the increase funded from, and conditioned upon, appropriations from the transportation account and public transportation systems account. The ongoing \$1.5 million was from the air pollution control account and was not subject to appropriation. All of these accounts were to reimburse the general fund for the revenue lost to tax credits. Citing concern over shortfalls in the air account, the Governor vetoed the extension of the sunset on tax credit, which authorized the credit until 2006 from the December 31, 2000, sunset.

Initiative 695 repealed the \$2 per motor vehicle clean air excise tax, the primary source of funds for the Air Pollution Control Account. The Transportation Account and the Public Transportation Systems Account were also repealed by I-695.

**Summary of Substitute Bill:** The tax credits for which employers are eligible, by providing financial incentives to employees to ride share or use other transportation alternatives to the single occupant vehicle, are extended from December 31, 2000 to December 31, 2006.

The General Fund is not reimbursed for the revenue lost through tax credits to employers.

**Substitute Bill Compared to Original Bill:** The substitute bill also allows for incentives to employees of other employers.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For (Transportation):** These credits continue the state's commitment with employers to reduce travel demand. Reduced congestion and less pollution are the results. These limited state funds (credits) leverage a large financial commitment from employers.

**Testimony Against (Transportation):** None.

**Testified (Transportation):** PRO: Senator Eide, prime sponsor; Brian Lagerberg, Dept. of Transportation; Ian MacGowan, American Electronics Assn.; Bill Roach, King County Transit Division.

**Testimony For (Ways & Means):** This is a good program that takes over 18,500 vehicles off the highways daily. This helps employees, saves air quality, and reduces congestion. It is an important part of the commute trip reduction program. The average delay in traffic is 69 hours per person per year. This reduces that by 2 hours. This encourages employers to participate in the transportation system by providing something other than parking lots. The employment community wants this extended. They invest \$8 for every \$1 provided by the state. They want the state involved.

**Testimony Against (Ways & Means):** None.

**Testified (Ways & Means):** PRO: Senator Eide, prime sponsor; Brian Lagerberg, WSDOT; Bill Roach, King County Metro; Ian McGowan, American Electronics Assn.; Doug Vaugh, OFM.