

SENATE BILL REPORT

SB 6008

As Reported By Senate Committee On:
Transportation, March 6, 2001
Ways & Means, March 26, 2001

Title: An act relating to commute trip reduction incentives.

Brief Description: Providing commute trip reduction incentives.

Sponsors: Senators Eide, Finkbeiner, Haugen, Kline, Winsley and McAuliffe; by request of Office of Financial Management.

Brief History:

Committee Activity: Transportation: 2/27/01, 3/6/01 [DP].
Ways & Means: 3/8/01, 3/26/01 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Eide, Finkbeiner, Horn, Jacobsen, Kastama, McDonald, Oke, Patterson, Prentice, Shin and Swecker.

Staff: Jennifer Ziegler (786-7316)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6008 be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Long, Rasmussen, Regala, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

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.

Until December 31, 2000, the Legislature authorized business and occupation and public utility tax credits for employers throughout the state if they provided financial incentives to their employees for ride sharing in car pools, public transportation and non-motorized commuting (CTR modes). The purpose of this credit was to help reduce congestion, improve air quality and assist employers in efforts to provide incentives for employees to use CTR modes. Employers were able to apply for a tax credit of up to \$60 per person per year or up to 50 percent of the financial incentive, whichever was less.

The general fund was originally reimbursed for the amount of credits by the air pollution control account when the annual cap on credits was \$1.5 million. When the maximum annual credits were increased in 1999 to \$2.25 million, the additional funds were from transportation-related accounts. The specific sources of reimbursement to the general fund were eliminated when the state motor vehicle tax was repealed.

In 1999, Governor Locke vetoed legislation extending the tax credit until 2006, citing concerns over the impact to the air pollution control account. In 2000, legislation proposed by Governor Locke to have the general fund absorb the amount of the tax credits until 2006 did not pass.

Summary of Substitute Bill: The commute trip reduction tax credit, which expired on December 31, 2000, is reenacted until December 31, 2006. Employers that provide incentives for employees to car pool 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, 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 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.

There is a limit of \$100,000 per employer per year and no tax credit can be greater than taxes due. Tax credits cannot be carried back or forward.

Until December 31, 2006, the Department of Transportation must administer a program for organizations not eligible to receive the tax credits, including public agencies, nonprofit organizations, developers and property managers for grants of 50 percent of those incentives paid by employers and property managers for CTR incentives. This program is limited to \$2 million per year.

There is an overall limit of \$5 million per year in tax credits and grants, funded by the multimodal transportation account. The tax credits expire December 31, 2006. If funding is not provided for the act by December 31, 2001, the act is null and void.

Substitute Bill Compared to Original Bill: The substitute bill limits the tax credits to the amounts provided as reimbursement from the multimodal transportation account. The substitute consolidates the credits into a new chapter.

Appropriation: None.

Fiscal Note: Requested on February 22, 2001.

Effective Date: The bill takes effect on January 1, 2002.

Testimony For (Transportation): This program moves 18,500 vehicles off the road each year. This program enables employers to offer employees several options for getting to work. As other employee costs increase, tax incentive programs become more valuable. This legislation provides needed tax relief and sends a message of partnership. Employers that participate in the tax credit program decrease more trips than employers who do not receive tax credits. Employers value simple, effective programs. Five other states have

adopted commute trip reduction programs that are similar to Washington's program. The tax credit program was a statewide program at 500 work sites throughout the state. This is an efficiency program.

Testimony Against (Transportation): None.

Testified (Transportation): Senator Eide, prime sponsor; Jamie Mitchell, Roriz Electronics; Judy Clark, CHTM Hill; Tony Underwood, Boeing; Matt Hansen, HC Metro Transit; Dale Steadman, Blue Ribbon Commission on Transportation; Brian Lagerberg, WSDOT; Bill LaBorde, Transportation Choices.

Testimony For (Ways & Means): The CTR tax credit is supported by the Blue Ribbon Commission on Transportation. The General Fund is fully reimbursed and does not take effect unless there is funding.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Andrew Johsen, OFM; Brian Lagerberg, DOT.