

FINAL BILL REPORT

ESB 6003

C 297 L 05
Synopsis as Enacted

Brief Description: Modifying the commute trip reduction tax credit.

Sponsors: Senator Jacobsen.

Senate Committee on Transportation

House Committee on Transportation

Background: Major employers who employ 100 or more employees in the state's 10 largest counties are required to implement commute trip reduction programs to reduce the number of their employees traveling by single-occupant vehicles to their work sites.

Under the commute trip reduction program, employers 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, using 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 fiscal 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.

No tax credit claimed can be greater than the amount of taxes due, or greater than \$200,000 each fiscal year. Tax credits may not be carried back but may be deferred for up to three years. The tax credits claimed in a fiscal year may not exceed the amount of credit available, which under current law is \$2.25 million dollars per fiscal year. Under current law, a credit that is deferred, and then claimed in a fiscal year, applies against the amount of credit available.

The State General Fund is reimbursed for the amount of tax credits from the Multimodal Transportation Account. The tax credits and grants expire June 30, 2013.

Summary: Tax credit deferrals are not allowed past the effective date of this act, therefore no credit deferred may be used after June 30, 2008.

A tax credit may be carried forward, if the amount of the credit the applicant is eligible for exceeds the applicant's tax liability in the fiscal year. The amount of tax credit carried forward does not apply towards the current year's statutory cap. However, credits used in subsequent years are subject to the total state limitation for the fiscal year for which the credit was originally approved. The statutory cap is raised by \$500,000 annually to \$2.75 million dollars.

If the total amount of credit applied for by all applicants in any year exceeds the statutory limit then the Department of Revenue will proportionately reduce the amount of credit allowed for all applicants to meet the statutory limit.

Votes on Final Passage:

Senate	30	19	
House	90	8	(House amended)
Senate	30	16	(Senate concurred)

Effective: July 1, 2005