
Transportation Committee

HB 1822

Brief Description: Extending and modifying the commute trip reduction tax credit.

Sponsors: Representatives Farrell, Orcutt, Fey, Fitzgibbon and Moscoso.

Brief Summary of Bill

- Extends the Commute Trip Reduction (CTR) Tax Credit Program from June 30, 2015, to June 30, 2024.
- Increases the total amount of the CTR tax credits that can be provided under the program to \$5 million per fiscal year.

Hearing Date: 2/9/15

Staff: David Munnecke (786-7315).

Background:

Commute Trip Reduction.

Commute Trip Reduction (CTR) is an employer-based program designed to promote the use of ride-sharing, public transportation, and non-motorized commuting in order to reduce air pollution, energy use, and traffic congestion. A CTR program may include providing information on alternative commuting options, discounting parking rates for carpoolers, providing a bus pass, and permitting flexible work schedules. Commute Trip Reduction legislation passed in 2006 requires public and private employers considered to be major employers to have a CTR program with defined CTR goals. Major employers are considered to be those with more than 100 employees at a single worksite located in certain urban growth areas, who begin their workday between 6:00 a.m. and 9:00 a.m.

The Department of Transportation provides technical assistance to employers and jurisdictions to develop the required CTR programs, staffs the CTR board that selects recipients of the CTR grants, and collects and maintains the CTR data. The Department of Revenue (DOR) provides a

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tax credit to qualifying businesses that request a credit and demonstrate they provide CTR incentives to their employees.

Commuter Trip Reduction Tax Credit.

The DOR offers a business and occupation tax or a public utility tax credit to businesses or property owners funding CTR incentives. The credit is equal to 50 percent of the incentive payments paid by the employer or property manager, but may not exceed \$60 per employee per year. No applicant may receive a tax credit totaling more than \$200,000 in one year. The funding available for this tax credit was historically capped at \$2.75 million. If requests for tax credits exceeded the \$2.75 million, then all requests would be pro-rated down. Credits that have not been pro-rated may be carried forward to subsequent years. The CTR law requires the General Fund to be reimbursed by the Multimodal Transportation Account for the amount of any tax credits issued.

The CTR board is required to determine the effectiveness of the tax credit and to report this information, along with the amounts claimed and recommendations for the future of the program, to various legislative committees.

The statute authorizing the CTR tax credits was originally scheduled to expire in 2013, but received one-year extensions in the 2013 and 2014 transportation budget bills that provided \$1.5 million per fiscal year for the CTR tax credits. The CTR tax credit is scheduled to expire at the end of the 2013-15 biennium, on June 30, 2015.

Certain tax-related legislation, including tax credits, are required to include a Tax Preference Statement. This statement must identify the purpose of the tax law change and provide metrics for the legislative auditor to evaluate the effectiveness of the tax change.

Summary of Bill:

The CTR Tax Credit Program is extended from June 30, 2015, to June 30, 2024. The State Treasurer is authorized to continue to reimburse the General Fund for the CTR tax credits through January 1, 2025.

The cap on the total amount of CTR tax credits that may be issued is set at \$5 million per fiscal year. The tax credit application process requires electronic filing and allows the acceptance of late filings under certain circumstances. The carrying forward of tax credits to subsequent years is phased out.

A tax preference statement is included and states that the CTR tax credit is intended to support the public policy objective of reducing traffic congestion, automobile air pollution, and energy use. If a review of the CTR tax credit finds that more people in Washington are using commute alternatives, the Legislature intends for the legislative auditor to recommend renewing the CTR Tax Credit Program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.