

CERTIFICATION OF ENROLLMENT  
**SUBSTITUTE SENATE BILL 5781**

Chapter 402, Laws of 1999  
(partial veto)

56th Legislature  
1999 Regular Session

COMMUTE TRIP REDUCTION TAX CREDIT

EFFECTIVE DATE: 7/25/99

Passed by the Senate April 23, 1999  
YEAS 37 NAYS 4

BRAD OWEN  
**President of the Senate**

Passed by the House April 12, 1999  
YEAS 85 NAYS 8

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

FRANK CHOPP  
**Speaker of the  
House of Representatives**

Approved May 18, 1999, with the  
exception of 6, 7, and 8, which are  
vetoed.

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Tony M. Cook, Secretary of the  
Senate of the State of Washington, do  
hereby certify that the attached is  
**SUBSTITUTE SENATE BILL 5781** as passed  
by the Senate and the House of  
Representatives on the dates hereon  
set forth.

TONY M. COOK  
**Secretary**

FILED

May 18, 1999 - 3:34 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5781**

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AS AMENDED BY THE HOUSE

Passed Legislature - 1999 Regular Session

**State of Washington                      56th Legislature                      1999 Regular Session**

**By** Senate Committee on Transportation (originally sponsored by Senators Eide, Swecker, Fraser and Costa; by request of Department of Ecology)

Read first time 03/08/99.

1            AN ACT Relating to the commute trip reduction tax credit; amending  
2 RCW 82.04.4453, 82.16.048, 82.04.4454, 82.16.049, and 82.44.180;  
3 amending 1996 c 128 s 7 (uncodified); amending 1996 c 128 s 6  
4 (uncodified); providing an effective date; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            **Sec. 1.** RCW 82.04.4453 and 1996 c 128 s 1 are each amended to read  
7 as follows:

8            (1)(a) Employers in this state who are taxable under this chapter  
9 and provide financial incentives to their employees for ride sharing,  
10 for using public transportation, or for using nonmotorized commuting  
11 before June 30, (~~2000~~) 2006, shall be allowed a credit for amounts  
12 paid to or on behalf of employees for ride sharing in vehicles carrying  
13 two or more persons, for using public transportation, or for using  
14 nonmotorized commuting, not to exceed sixty dollars per employee per  
15 year. The credit shall be equal to the amount paid to or on behalf of  
16 each employee multiplied by fifty percent, but may not exceed sixty  
17 dollars per employee per year.

18            (b) Property managers who are taxable under this chapter and  
19 provide financial incentives to persons employed at a worksite managed

1 by the property manager in this state for ride sharing, for using  
2 public transportation, or for using nonmotorized commuting before June  
3 30, 2006, shall be allowed a credit for amounts paid to or on behalf of  
4 these persons for ride sharing in vehicles carrying two or more  
5 persons, for using public transportation, or for using nonmotorized  
6 commuting, not to exceed sixty dollars per person per year. A person  
7 may not take a credit under this section for amounts claimed for credit  
8 by other persons.

9 (c) For ride sharing in vehicles carrying two persons, the credit  
10 shall be equal to the amount paid to or on behalf of each employee  
11 multiplied by thirty percent, but may not exceed sixty dollars per  
12 employee per year. The credit may not exceed the amount of tax that  
13 would otherwise be due under this chapter.

14 (2) Application for tax credit under this chapter may only be made  
15 in the form and manner prescribed in rules adopted by the department.

16 (3) The credit shall be taken not more than once quarterly and not  
17 less than once annually against taxes due for the same calendar year in  
18 which the amounts for which credit is claimed were paid to or on behalf  
19 of employees for ride sharing, for using public transportation, or for  
20 using nonmotorized commuting and must be claimed by the due date of the  
21 last tax return for the calendar year in which the payment is made.

22 (4) The director shall on the 25th of February, May, August, and  
23 November of each year advise the state treasurer of the amount of  
24 credit taken during the preceding calendar quarter ending on the last  
25 day of December, March, June, and September, respectively.

26 (5) On the first of April, July, October, and January of each year,  
27 the state treasurer based upon information provided by the department  
28 shall deposit to the general fund a sum equal to the dollar amount of  
29 the credit provided under subsection (1) of this section from the air  
30 pollution control account (~~to the general fund~~), the transportation  
31 account, and the public transportation systems account. The first draw  
32 on reimbursements to the general fund must be from the air pollution  
33 control account, and reimbursements must not exceed one and one-half  
34 million dollars in any calendar year for the tax credits claimed under  
35 RCW 82.04.4453 and 82.16.048. Reimbursements to the general fund in  
36 excess of that amount drawn from the air pollution control account must  
37 be drawn, subject to appropriation, in equal amounts from the  
38 transportation account and the public transportation systems account;

1 but in no case may those amounts exceed three hundred seventy-five  
2 thousand dollars from each account in any calendar year.

3 (6) The commute trip reduction task force shall determine the  
4 effectiveness of this tax credit as part of its ongoing evaluation of  
5 the commute trip reduction law and report (~~(no later than December 1,~~  
6 ~~1997,~~) to the legislative transportation committee and to the fiscal  
7 committees of the house of representatives and the senate. The report  
8 shall include information on the amount of tax credits claimed to date  
9 and recommendations on future funding for the tax credit program. The  
10 report shall be incorporated into the recommendations required in RCW  
11 70.94.537(5).

12 (7) Any person who knowingly makes a false statement of a material  
13 fact in the application for a credit under subsection (1) of this  
14 section is guilty of a gross misdemeanor.

15 (8) A person may not receive credit for amounts paid to or on  
16 behalf of the same employee under both this section and RCW 82.16.048.

17 **Sec. 2.** RCW 82.16.048 and 1996 c 128 s 3 are each amended to read  
18 as follows:

19 (1)(a) Employers in this state who are taxable under this chapter  
20 and provide financial incentives to their employees for ride sharing,  
21 for using public transportation, or for using nonmotorized commuting  
22 before June 30, (~~(2000))~~ 2006, shall be allowed a credit for amounts  
23 paid to or on behalf of employees for ride sharing in vehicles carrying  
24 two or more persons, for using public transportation, or for using  
25 nonmotorized commuting, not to exceed sixty dollars per employee per  
26 year. The credit shall be equal to the amount paid to or on behalf of  
27 each employee multiplied by fifty percent, but may not exceed sixty  
28 dollars per employee per year.

29 (b) Property managers who are taxable under this chapter and  
30 provide financial incentives to persons employed at a worksite managed  
31 by the property manager in this state for ride sharing, for using  
32 public transportation, or for using nonmotorized commuting before June  
33 30, 2006, shall be allowed a credit for amounts paid to or on behalf of  
34 these persons for ride sharing in vehicles carrying two or more  
35 persons, for using public transportation, or for using nonmotorized  
36 commuting, not to exceed sixty dollars per person per year. A person  
37 may not take a credit under this section for amounts claimed for credit  
38 by other persons.

1       (c) For ride sharing in vehicles carrying two persons, the credit  
2 shall be equal to the amount paid to or on behalf of each employee  
3 multiplied by thirty percent, but may not exceed sixty dollars per  
4 employee per year. The credit may not exceed the amount of tax that  
5 would otherwise be due under this chapter.

6       (2) Application for tax credit under this chapter may only be made  
7 in the form and manner prescribed in rules adopted by the department.

8       (3) The credit shall be taken not more than once quarterly and not  
9 less than once annually against taxes due for the same calendar year in  
10 which the amounts for which credit is claimed were paid to or on behalf  
11 of employees for ride sharing, for using public transportation, or for  
12 using nonmotorized commuting and must be claimed by the due date of the  
13 last tax return for the calendar year in which the payment is made.

14       (4) The director shall on the 25th of February, May, August, and  
15 November of each year advise the state treasurer of the amount of  
16 credit taken during the preceding calendar quarter ending on the last  
17 day of December, March, June, and September, respectively.

18       (5) On the first of April, July, October, and January of each year,  
19 the state treasurer based upon information provided by the department  
20 shall deposit to the general fund a sum equal to the dollar amount of  
21 the credit provided under subsection (1) of this section from the air  
22 pollution control account (~~to the general fund~~), the transportation  
23 account, and the public transportation systems account. The first draw  
24 on reimbursements to the general fund must be from the air pollution  
25 control account, and reimbursements must not exceed one and one-half  
26 million dollars in any calendar year for the tax credits claimed under  
27 RCW 82.04.4453 and 82.16.048. Reimbursements to the general fund in  
28 excess of that amount drawn from the air pollution control account must  
29 be drawn, subject to appropriation, in equal amounts from the  
30 transportation account and the public transportation systems account;  
31 but in no case may those amounts exceed three hundred seventy-five  
32 thousand dollars from each account in any calendar year.

33       (6) The commute trip reduction task force shall determine the  
34 effectiveness of this tax credit as part of its ongoing evaluation of  
35 the commute trip reduction law and report (~~no later than December 1,~~  
36 ~~1997,~~) to the legislative transportation committee and to the fiscal  
37 committees of the house of representatives and the senate. The report  
38 shall include information on the amount of tax credits claimed to date  
39 and recommendations on future funding for the tax credit program. The

1 report shall be incorporated into the recommendations required in RCW  
2 70.94.537(5).

3 (7) Any person who knowingly makes a false statement of a material  
4 fact in the application for a credit under subsection (1) of this  
5 section is guilty of a gross misdemeanor.

6 (8) A person may not receive credit for amounts paid to or on  
7 behalf of the same employee under both this section and RCW 82.04.4453.

8 **Sec. 3.** RCW 82.04.4454 and 1996 c 128 s 2 are each amended to read  
9 as follows:

10 (1) The department shall keep a running total of all credits  
11 granted under RCW 82.04.4453 and 82.16.048 during each calendar year,  
12 and shall disallow any credits that would cause the tabulation for any  
13 calendar year to exceed ~~((one))~~ two million ~~((five))~~ two hundred  
14 twenty-five thousand dollars, or the amount provided from the air  
15 pollution control account and the appropriations from the  
16 transportation account and the public transportation systems account,  
17 whichever is less.

18 (2) No ~~((employer shall be))~~ person is eligible for tax credits  
19 under RCW 82.04.4453 and 82.16.048 in excess of one hundred thousand  
20 dollars in any calendar year.

21 (3) No ~~((employer shall be))~~ person is eligible for tax credits  
22 under RCW 82.04.4453 in excess of the amount of tax that would  
23 otherwise be due under this chapter.

24 (4) No portion of an application for credit disallowed under this  
25 section may be carried back or carried forward.

26 **Sec. 4.** RCW 82.16.049 and 1996 c 128 s 4 are each amended to read  
27 as follows:

28 (1) The department shall keep a running total of all credits  
29 granted under RCW 82.04.4453 and 82.16.048 during each calendar year,  
30 and shall disallow any credits that would cause the tabulation for any  
31 calendar year to exceed ~~((one))~~ two million ~~((five))~~ two hundred  
32 twenty-five thousand dollars, or the amount provided from the air  
33 pollution control account and the appropriations from the  
34 transportation account and the public transportation systems account,  
35 whichever is less.

1 (2) No (~~employer shall be~~) person is eligible for tax credits  
2 under RCW 82.04.4453 and 82.16.048 in excess of one hundred thousand  
3 dollars in any calendar year.

4 (3) No (~~employer shall be~~) person is eligible for tax credits  
5 under RCW 82.16.048 in excess of the amount of tax that would otherwise  
6 be due under this chapter.

7 (4) No portion of an application for credit disallowed under this  
8 section may be carried back or carried forward.

9 **Sec. 5.** RCW 82.44.180 and 1998 c 321 s 41 (Referendum Bill No. 49)  
10 are each amended to read as follows:

11 (1) The transportation fund is created in the state treasury.  
12 Revenues under RCW 82.44.110 and 82.50.510 shall be deposited into the  
13 fund as provided in those sections.

14 Moneys in the fund may be spent only after appropriation.  
15 Expenditures from the fund may be used only for transportation purposes  
16 and activities and operations of the Washington state patrol not  
17 directly related to the policing of public highways and that are not  
18 authorized under Article II, section 40 of the state Constitution.

19 (2) (~~There is hereby created the central Puget Sound public~~  
20 ~~transportation account within the transportation fund. Moneys~~  
21 ~~deposited into the account under RCW 82.44.150(2)(b) shall be~~  
22 ~~appropriated to the transportation improvement board and allocated by~~  
23 ~~the transportation improvement board to public transportation projects~~  
24 ~~within the region from which the funds are derived, solely for:~~

25 (a) ~~Planning;~~

26 (b) ~~Development of capital projects;~~

27 (c) ~~Development of high capacity transportation systems as defined~~  
28 ~~in RCW 81.104.015;~~

29 (d) ~~Development of high occupancy vehicle lanes and related~~  
30 ~~facilities as defined in RCW 81.100.020; and~~

31 (e) ~~Public transportation system contributions required to fund~~  
32 ~~projects under federal programs and those approved by the~~  
33 ~~transportation improvement board from other fund sources.~~

34 (3)) There is hereby created the public transportation systems  
35 account within the transportation fund. Moneys deposited into the  
36 account under RCW 82.44.150(2)(b) and (c) shall be appropriated to the  
37 transportation improvement board and allocated by the transportation  
38 improvement board to public transportation projects submitted by the

1 public transportation systems ((from which the funds are derived)) as  
2 defined by chapters 36.56, 36.57, and 36.57A RCW and RCW 35.84.060 and  
3 81.112.030, and the Washington state ferry system, solely for:

4 (a) Planning;

5 (b) Development of capital projects;

6 (c) Development of high capacity transportation systems as defined  
7 in RCW 81.104.015;

8 (d) Development of high occupancy vehicle lanes and related  
9 facilities as defined in RCW 81.100.020;

10 (e) Other public transportation system-related roadway projects on  
11 state highways, county roads, or city streets; ((and))

12 (f) Public transportation system contributions required to fund  
13 projects under federal programs and those approved by the  
14 transportation improvement board from other fund sources; and

15 (g) Reimbursement to the general fund of tax credits authorized  
16 under RCW 82.04.4453 and 82.16.048, subject to appropriation.

17 *\*Sec. 6. 1996 c 128 s 7 (uncodified) is amended to read as follows:*

18 *(1) This act takes effect July 1, 1996.*

19 *(2) This act expires December 31, ((2000)) 2006.*

20 *\*Sec. 6 was vetoed. See message at end of chapter.*

21 *\*Sec. 7. 1996 c 128 s 6 (uncodified) is amended to read as follows:*

22 *This act shall expire December 31, ((2000)) 2006.*

23 *\*Sec. 7 was vetoed. See message at end of chapter.*

24 ***\*NEW SECTION.** Sec. 8. This act is necessary for the immediate*  
25 *preservation of the public peace, health, or safety, or support of the*  
26 *state government and its existing public institutions and takes effect*  
27 *July 1, 1999.*

28 *\*Sec. 8 was vetoed. See message at end of chapter.*

Passed the Senate April 23, 1999.

Passed the House April 12, 1999.

Approved by the Governor May 18, 1999, with the exception of  
certain items that were vetoed.

Filed in Office of Secretary of State May 18, 1999.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to sections 6, 7,  
3 and 8, Substitute Senate Bill No. 5781 entitled:

4 "AN ACT Relating to the commute trip reduction tax credit;"



1 Substitute Senate Bill No. 5781 extends the commute trip reduction  
2 (CTR) tax credit to June 30, 2006 and continues the current policy of  
3 using the Air Pollution Control Account (APCA) to reimburse the State  
4 General Fund for the first \$1.5 million of tax credits given each year.

5 Sections 6 and 7 of the bill would extend the entire CTR tax credit  
6 program to December 31, 2006. Based upon the last proposed legislative  
7 transportation budget, this bill as drafted, combined with the  
8 operating budget for the 1999-2001 biennium, creates a shortfall in the  
9 APCA of between \$1.3 million and \$2.4 million in the next biennium.

10 I support extension of the CTR tax credit as a means of reducing  
11 traffic congestion. However, I cannot in good faith support the long-  
12 term implementation of the statutory changes contained in sections 1  
13 through 5 of this bill unless the legislature also provides a solution  
14 to the projected deficit in the APCA.

15 The deficit in the APCA could result in increases in air pollution  
16 because of reduced technical assistance, voluntary compliance, and  
17 monitoring efforts. The state's margin of safety in healthy air  
18 standards in some areas are already in jeopardy due to our inability to  
19 adequately track and respond to changes in air pollution emissions. In  
20 the central Puget Sound region and the city of Vancouver, for example,  
21 the margin of safety for ozone pollution is one percent of current  
22 emissions. A return to non-attainment of the ozone standard is already  
23 extremely likely in light of the separate overall ten percent reduction  
24 in the Department of Ecology's current level of effort. A shortfall in  
25 the APCA would exacerbate this problem.

26 For areas that fall into non-attainment, we risk losing several  
27 million dollars of federal air pollution control grant money and  
28 hundreds of millions in federal transportation funds for expanding  
29 roadway capacity. We could be forced to restrict business growth when  
30 air quality fails to meet federal standards. We risk more federal  
31 intervention and less local control of air quality decisions, not to  
32 mention increasing costs to businesses to implement tighter federal  
33 controls.

34 I am directing the Office of Financial Management to work with the  
35 Department of Ecology, Department of Transportation, Legislative  
36 Transportation Committee, Senate Ways and Means Committee, and House  
37 Appropriations Committee to develop a workable proposal for funding the  
38 APCA and the CTR tax credit program, for implementation during the 2000  
39 regular legislative session.

40 Section 8 of the bill is an unnecessary emergency clause that would  
41 require this bill to take effect July 1, 1999.

42 For these reasons, I have vetoed sections 6, 7, and 8 of Substitute  
43 Senate Bill No. 5781.

44 With the exception of sections 6, 7, and 8, Substitute Senate Bill  
45 No. 5781 is approved."