

FINAL BILL REPORT

ESSB 6008

C 203 L 02
Synopsis as Enacted

Brief Description: Providing commute trip reduction incentives.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Eide, Finkbeiner, Haugen, Kline, Winsley and McAuliffe; by request of Office of Financial Management).

Senate Committee on Transportation
Senate Committee on Ways & Means

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 The specific sources of reimbursement to the general fund were eliminated when the state motor vehicle tax was repealed.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: The commute trip reduction tax credit, which expired on December 31, 2000, is reenacted until June 30, 2012. 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 June 30, 2012, 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.

There is an overall limit each biennium, or portion of a biennium, on tax credits and grants funded by the multimodal transportation account. The limits are as follows: \$2 million in 2001-2003; \$3 million in 2003-2005; \$5 million in 2005-2007; \$8 million in 2007-2009; \$8 million in 2009 - 2011; and \$4 million in 2012. The tax credits expire June 30, 2012.

If funding is not provided for the act by December 31, 2002, this act is null and void.

Votes on Final Passage:

Senate	37	10
House	93	5

Effective: January 1, 2003